

Take-Off in an Inhospitable Climate

The Role of Infrastructure, Governance, and Political Stability in Export-Oriented Manufacturing in Asia's Latest Comers

Balázs Szalontai | ORCID: 0000-0002-2207-9106

Korea University (Sejong Campus), Sejong City, Republic of Korea
aoverl@yahoo.co.uk

Changyong Choi | ORCID: 0000-0002-9158-4333

Graduate School of Public Administration, Seoul National University,
Seoul, Republic of Korea
cychoi22@snu.ac.kr

Abstract

The article examines the role of infrastructure, governance, and political stability in the development of export-oriented manufacturing (EOM) in Bangladesh, Cambodia, Laos, Myanmar, and Vietnam, comparing their experiences with Africa's slower industrial growth. These factors occupy a prominent place in transaction cost economics, and the World Bank's development programs strongly stressed infrastructure building and good governance. The article concludes that despite the assumptions expressed in the World Bank's recommendations, neither efficient infrastructure nor good governance nor political stability constituted a prerequisite of EOM in the Asian latecomers. In these spheres, the performance of EOM-reliant Bangladesh and Cambodia was hardly favourable if compared to Vietnam, Laos, and Africa. Still, the contrast between Vietnam's diversified industrial exports and the narrow export profile of Bangladesh and Cambodia implies that a country cannot evolve from factor-driven development to efficiency-driven and innovation-driven development without overcoming the problems of poor infrastructure, red tape, corruption, and political instability.

Keywords

Southeast Asia – Sub-Saharan Africa – export-oriented manufacturing – infrastructure – governance – World Bank

In recent times, a growing number of academic publications have examined why Southeast Asia has been more successful in export-oriented manufacturing (EOM) than Sub-Saharan Africa (SSA). In the early post-colonial era, both regions had exported mainly agricultural, forest, and mineral products, but by the 1990s, export-oriented manufacturing made substantial progress in nearly every Southeast Asian country (and in neighbouring Bangladesh, too), whereas only a few African states—Mauritius, Lesotho, and Eswatini (Swaziland)—managed to create a comparable industrial capacity (Berendsen et al. 2013; Chemengich 2010; Dinh et al. 2012; Elbadawi 1999; Stein 1995; Vlasblom 2013).

Scholars have proffered a wide variety of explanations for the divergent development of the two regions, highlighting state capabilities, the agricultural preconditions of industrial growth, and so forth. Of these conceptions, this article examines three factors which occupy a prominent place in the theory of transaction costs: infrastructure efficiency, effective governance, and political stability. Commonly defined as the information acquisition costs and negotiation costs involved in transferring goods or services from producers to consumers, transaction costs may be divided into “hard” costs (e.g., the transport costs shaped by infrastructure and geography) and “soft” costs (i.e., the nonmarket costs influenced by institutional quality, such as the resources and time spent in complying with governmental administrative processes and enforcing contracts). Friction between the parties to the exchange is likely to cause a rise in transaction costs, especially in the sphere of international trade, where differences between the partners’ methods of operation and difficulties of enforcing contracts are more pronounced than in the domestic sphere. Our article is focused on market transaction costs (i.e., the costs of using the market) and political transaction costs (which are associated with the institutional framework of a polity), rather than on managerial transaction costs (which are accrued within a firm). (For an overview, see Abdel-Latif and Nugent 1996; Coase 1960; Helble, Shepherd, and Wilson 2007; Klein and Sykuta 2010; Mroczek 2014; Wang 2003; Williamson 1979; Wink Junior et al. 2011.)

Several authors (above all, Collier and Gunning 1999a) expressed the view that Africa’s inferior performance in infrastructure efficiency, effective governance, and political stability greatly hindered the continent in catching up with Asian industrial exports, since ‘high transactions costs have a relatively large impact on manufacturing. Compared with natural resource extraction, manufacturing tends to have a high share of intermediate inputs and a low share of value-added to final price’ (Collier and Gunning 1999b: 19). Thus, industrial production is especially sensitive to high transport costs, inefficient infrastructure, corruption, bureaucratic red tape, and political instability—that is, an inhospitable business climate.

This thesis has important practical implications, since the World Bank (where Paul Collier served as Director of the Development Research Group, 1998–2003) traditionally laid great emphasis on infrastructure programs. The WB's classic report, *The East Asian Miracle*, presented EOM as a preferable alternative to protectionist import-substitution industrialisation (ISI), and stressed that 'secure property rights and complementary public investment in infrastructure' were key factors in the Newly Industrialised Countries (NIC), where corruption 'occurred less frequently and in smaller magnitudes than in other low- and middle-income economies' (World Bank 1993: 180, 221). By laying the main emphasis on government-private sector cooperation, the report expressed disagreement with the theory of the East Asian developmental state (which stressed that the strong, autonomous, and capable economic bureaucracies of the NICs actively promoted certain strategic industries, manipulated prices and credit allocation to enhance competitiveness, sponsored R & D, and combined export-oriented industrialisation with protectionist measures), but its call for efficient and corruption-free institutions was even more at odds with the practices of the so-called neopatrimonial states, whose leaders maintained authority through patron-client networks based on personal loyalty and material rewards, rather than through cohesive, impersonal bureaucratic institutions and consistent legal rules (for an overview of these concepts, see Bratton and Van de Walle 1994; Chu 2016; Fine, Saraswati, and Tavasci 2013; Pitcher, Moran, and Johnston 2009; Takagi, Kanchoochat, and Sonobe 2019; Wai 2012). Since the mid-1990s, the Bank has actively promoted corruption control and other aspects of 'good governance,' providing assistance on the strict condition that specific institutional reforms be implemented. The success of the NICs was presented as affirming the Structural Adjustment Programs that the Bank prescribed for Africa (Stein 1995).

In light of this conditionality, it is a question of great significance whether Southeast Asia's dynamic EOM growth may be attributed to the region's supposed lead over Africa in the spheres of infrastructure and governance (as the WB's development experts assumed) or not. Notably, Henley and van Donge (2013) observed that, in terms of governance, Indonesia and Malaysia had more in common with the corruption-ridden African states than with the Northeast Asian NICs. Later, even Collier (2007: 65) found it necessary to subtly modify his thesis: 'Being the most corrupt country on earth has not prevented Bangladesh from adopting fairly reasonable economic policies ... Exporters simply need an environment of moderate taxation, macroeconomic stability, and a few transport facilities.'

To examine the relative importance of infrastructural and governance factors, this article investigated whether the EOM take-off of Bangladesh, Myan-

mar (the post-1989 name of Burma), Laos, Cambodia, and Vietnam may be attributed to such factors. Informally known as ‘Asian latest comers,’ these countries form a contiguous geographical area stretching from the Bay of Bengal to the South China Sea, and four of them joined the Association of Southeast Asian Nations (ASEAN) largely in the same period: Vietnam in 1995, Laos and Myanmar in 1997, and Cambodia in 1999. Since they lacked the NICs’ special historical and logistical advantages, and, except Vietnam, they are still classified as Least Developed Countries, their experiences may be more applicable to Sub-Saharan Africa than that of the first-generation NICs.

The authors of this article implemented a method of multiple verification. First, the selected Asian countries were compared with each other. Since some of them exported a greater quantity (or higher value-added types) of manufactured products than the others, we investigated whether these differences showed any positive correlation with their varying performance in infrastructure and governance. Second, we examined whether the infrastructural and governance performance of the successful Asian industrialisers was markedly superior to the average performance of low- and middle-income African countries, and compared it with the performance of those SSA economies that have made the greatest progress in late-coming EOM (Mauritius, Lesotho, Eswatini). Third, we analysed whether their EOM take-off occurred in a period of political stability, and whether a lack of stability hindered the growth of manufactured exports and manufacturing Foreign Direct Investment (FDI). Finally, we examined whether their EOM achievements reflected the support they received from the WB and their compliance with the Bank’s guidelines, or not.

To ascertain whether the WB’s assumptions were sufficiently supported by the evidence presented in the Bank’s own databases or the latter sources were potentially in contradiction with its theses, the article relied mainly on the WB’s World Development Indicators, the World Economic Forum’s Global Competitiveness Indexes, and the WB-based country rankings of TheGlobalEconomy.com. In light of the potential subjectivity of these indexes, the authors also collected empirical data from ASEAN’s statistical database and other alternative sources to draw a more comprehensive picture.

1 EOM Take-off in the Asian Latecomers: An Overview

In Rostow’s (1960: 7–8) definition, take-off is the period when a transforming traditional society enters a stage of steady economic growth driven by the expansion of new industries and the interrelated rise of agricultural productivity. In this article, ‘take-off’ is used in a narrower sense, confined to the

emergence and rapid growth of a new export-oriented manufacturing sector whose contribution has considerably transformed a country's trade profile. In the examined countries, this sector often lacked backward and forward linkages to the other sectors, and thus its presence did not necessarily imply a full-scale take-off. Instead, it may be described as the 'first rung of the ladder of development' that potentially enables a society to start ascending toward the higher rungs (Sachs 2005: 10–19).

For this reason, we use the term export-oriented manufacturing (EOM), rather than export-oriented industrialisation (EOI), to distinguish the growth of this specific sector from the comprehensive transformation of the first-generation NIC economies. In the latter countries, the emergence of an export-oriented, labour-intensive manufacturing sector was often preceded by a phase of primary import-substitution and followed by a secondary import-substitution industrialisation, which in turn led to a technological upgrading and diversification of the export sector (Gereffi and Wyman 1990).

The foundations of Vietnam's export-oriented textile-garment sector had been laid as early as the 1930s, and the country made more progress in the field of ISI than the other Asian latecomers. In 1985, the manufacturing sector produced mainly textile fabrics, chemical fertilisers, steel, bicycles, and construction materials. Nevertheless, textile and garment exports (\$28 million) were still greatly overshadowed by agricultural and natural resource exports, and small private enterprises were often more able to supply the domestic market with consumer goods than the ailing state sector. Thus, the start of Vietnam's EOM take-off may be dated to the post-1986 *doi moi* reforms when the leadership of the ruling Communist Party of Vietnam (CPV) decided to attract FDI and gave free rein to the hitherto informally functioning private sector. The growth rate of labour-intensive manufactured exports reached 34.3 percent in 1985–1990 and 102 percent in 1990–1995. In the early 1990s, FDI was concentrated in the hydrocarbon sector, but the end of the U.S. embargo (1994) gave a stimulus to efficiency-seeking industrial relocation. Reflecting the country's growing integration into ASEAN, in the 1990s over 20 percent of total Vietnamese exports went to Southeast Asia, and the regional logistical linkages partially alleviated the country's infrastructural deficiencies, as exports could be reloaded in Singapore (Jandl 2013; Van Arkadie and Mallon 2004; Vo, Long, and Minh 2005).

In 2002, textile and garment exports stood at \$2.7 billion, surpassing the hitherto dominant oil sector. The share of manufactured goods grew from 48.5 percent of total exports in 2000–2004 to 70 percent in 2010–2014, at which time high-tech exports comprised 19.7 percent of manufactured exports. In 2010, 11.1 percent of industrial employees produced electrical equipment, electronics,

and transport equipment, as opposed to 2.8 percent in Cambodia (2011) and 2.1 percent in Bangladesh (2005–2006) (ASEAN Statistical Yearbook 2013; Statistical Yearbook of Bangladesh 2012; World Bank Data n.d.).

Both state-owned enterprises (SOEs) and domestic private firms made significant contributions to Vietnam's EOM process. The government closed many unproductive SOEs, but protected certain import-substituting and export-oriented sectors that it regarded as strategic industries (which enabled some non-competitive SOEs to survive). Through joint ventures, SOEs could upgrade their obsolete technology and improve their export performance. The two groups favoured by government policies (SOEs and foreign investors) preferred to cooperate with each other, rather than the domestic private sector. Unable to enter the state-dominated capital-intensive industries, domestic private enterprises were concentrated in the labour-intensive sectors (e.g., export-oriented garment and leather production). Since SOEs enjoyed preferential treatment in export quotas and credit access, the domestic private sector remained underrepresented in manufactured exports. Actually, many domestic private entrepreneurs preferred trade over industry, or turned toward the domestic market. Thus, the Vietnamese party-state played a role that was partly but not entirely comparable to the East Asian developmental state model. Its interventionist features (preventing the wholesale collapse of the state sector, supporting certain strategic industries, and issuing a high number of regulations) distinguished it from the neoliberal state model, but the soft budget constraints that SOEs continued to enjoy, the central government's limited control over the provincial authorities, and the less-than-harmonious relationship between the state bureaucracy and the domestic private sector were at odds with the developmental state model (Jandl 2013; Knutsen and Nguyen 2004; Nguyen 2008; Perkins and Vu 2010; Tenev et al. 2003).

The origins of Bangladesh's EOM sector may be traced back to 1979, when the South Korean Daewoo Corporation established a production base there, and its local trainees soon created their own garment firms. In the political and administrative sphere, the military autocracies headed by Ziaur Rahman (1977–1981) and Hussain Muhammad Ershad (1982–1990) created favourable conditions for the EOM process, as they secured the cooperation of the country's bureaucratic elite and promoted private industry—two social groups that had been at odds with the statist/populist policies pursued in the wake of independence. Still, the dominant, elitist, and partially isolated position that the bureaucracy occupied in Bangladeshi society may hardly be defined as a genuine developmental state, since the effective functioning of the civil service was greatly hindered by the endemic intra-service conflicts between the various factions and interest groups (Hossain 2017; Islam 2005; Mottaleb and Sonobe 2011).

The EOM take-off started in 1983–1988, when garment exports grew from \$30 million (3.9 percent of total exports) to \$430 million (35.2 percent). In contrast with the other four Asian latecomers, regional cooperation did not play a central role in Bangladesh's EOM process. In 1985, Bangladesh played an active role in the creation of the South Asian Association for Regional Cooperation (SAARC), but its foremost SAARC trade partner, India, has been principally a source of imports, rather than a destination of exports or a source of manufactured FDI. In 1979–1993, the Bangladeshi garment sector relied on non-regional FDI (mainly 'quota-hopping' South Korean and Hong Kong firms, which took advantage of Bangladesh's preferential access to the European and U.S. markets), but since the 1990s, the contribution of indigenous producers has increasingly overshadowed that of the foreign investors (Mottaleb and Sonobe 2011; Rahman 1985).

The emergence of local industrialists—a stratum virtually absent in the pre-independence era—was facilitated by Bangladesh's relatively fluid society, where upward mobility through education and entrepreneurship was widely regarded as a realistic prospect. In the post-military era, the fusion of political and entrepreneurial elites became fairly extensive, which enabled the latter to obtain political protection for the garment sector, and insulate it from the frequent *hartals* (disruptive mass protests) initiated by the fiercely competing political parties. By 2000, garment exports stood at \$4.35 billion (75.6 percent of export earnings), and the total share of manufactured exports surpassed 90 percent. Since 1995, the knitwear sector (e.g., sweaters and polo shirts), which relied on domestically produced yarn and fabrics, has progressed faster than the woven garment sector (e.g., shirts and pyjama sets), whose dependence on imported fabrics hindered quick delivery. Nevertheless, in 2010–2014 high-tech exports still constituted only 0.27 percent of manufactured exports (Hossain 2017; Mottaleb and Sonobe 2011; World Bank Data n.d.).

Unlike Vietnam and Bangladesh, Cambodia lacked a substantial primary textile industry, and in 1990, it still did not export any garments. Due to the devastation wrought by decades of warfare and the statist policies of two successive Communist regimes (1975–1989), the transitional Cambodian society lacked either an educated elite or a sizable domestic entrepreneurial class—a situation that rendered the emerging EOM sector over-dependent on FDI. The country's EOM take-off started in the mid-1990s, when its newly granted most-favoured-nation status and preferential access to the U.S. market attracted many efficiency-seeking East Asian garment firms (which have dominated the sector ever since). Apart from the country's generous investment code, East Asian FDI was attracted by Cambodia's rapidly expanding economic contacts with Thailand, Malaysia, and Singapore, and its admission to ASEAN. Thanks to

its strategic location, the country could benefit from ASEAN's transport corridors. For the Taiwanese and Hong Kong firms that had relocated first to Thailand (1975–1989), Cambodia's low wages proved sufficiently attractive to stimulate a new relocation (Arnold and Toh 2010; Hossain 2010; Rasiah 2009a).

Cambodia's EOM process was facilitated by the effective cooperation between the Ministry of Commerce and the powerful Garment Manufacturers Association in Cambodia (GMAC), but the Cambodian state did not function as a genuine developmental state. Under the long-term dominance of Hun Sen and his ruling Cambodian People's Party (CPP), direct state guidance was limited to a few non-manufacturing sectors (e.g., rubber cultivation), and even in these cases, state involvement and privatisation often served neopatrimonial purposes (i.e., the transfer of resources to political elites), rather than technocratic ones. The underpaid and patronage-ridden bureaucracy hardly constituted an effective and neutral instrument, and Cambodia's extensive aid dependence also motivated the state to play a primarily regulatory, rather than dirigiste, role (Guimbert 2010; Kim and Hort 2014; Un 2006).

From 1995 to 2000, garment exports skyrocketed from \$27 million (3.3 percent of total exports) to \$985 million (77 percent), while the number of garment factories rose from 20 to 190. Since 2000, the share of manufactured goods has consistently surpassed 90 percent of Cambodia's total exports, but as late as 2010–2014, high-tech products comprised a mere 0.22 percent of manufactured exports. The bulk of Cambodian garment exports were products made of knitted fabric (e.g., T-shirts and sweaters), while the share of garments based on woven fabric (e.g., trousers, shirts, jackets, and skirts) remained far lower. Due to the absence of local textile production, all raw materials had to be imported (mainly from China), and the Cambodian factories performed only the cutting and sewing tasks. The export sector's overdependence on FDI was combined with the predominance of unregistered small enterprises in the domestic private sector. The garment sector operated as a quasi-enclave, with few backward linkages to other sectors (Hossain 2010; Rasiah 2009a; World Bank Data, n.d.).

The development of the Laotian garment industry began in 1984, but in 1990, the country was not yet a garment exporter. Its EOM take-off started in the early 1990s with an influx of FDI, but investments in the garment sector accounted only for 7.3 percent of total approved FDI. The relocation process that boosted the Laotian garment sector was driven mainly by 'quota-hopping' Thai firms capitalising on Laos' geographical proximity and low wages. Garment factories were clustered around the capital city (Vientiane), near the Mekong River, a major international waterway; production concentrated on low value-added products made of fabrics imported from Thailand, Vietnam, and East Asia; and the bulk of exports was destined for a single region, the EU, whose rules of

origin were stricter than that of the U.S. market (to which Laos lacked preferential access). Lao-owned firms made a smaller contribution to garment exports than foreign-invested ones, and they usually lacked direct contacts with international buyers (Rasiah 2009b; Robertson 2007; Silaphet 2015).

In 1994, the government officially authorised the creation of private enterprises, and gradually privatised the majority of SOEs, but the newly emerging big conglomerates and holdings were usually closely linked to the political elite or the military. The ruling Lao People's Revolutionary Party (LPRP) retained its political monopoly, but the Laotian party-state proved too weak to function as a genuine developmental state. The severely limited financial capabilities of the state (e.g., low tax revenues and heavily indebted state banks) perpetuated Laos's dependence on foreign aid, the provincial power centres enjoyed considerable informal autonomy, and the underpaid officials were prone to accept bribes. In the late 1990s and early 2000s, garments (e.g., jackets, outdoor wear, trousers, T-shirts, and tracksuits) comprised 75–90 percent of manufactured exports but only 30 percent of total exports, to be increasingly overshadowed by minerals (e.g., gold and copper). In 2012, Laos' share in global garment exports stood at 0.05 percent, lagging far behind Cambodia's one percent (Hlaing 2006; Nolintha and Jajri 2015; Soukamneuth 2006).

Under the country's first military regime (1962–1988), the Burmese government pursued state-planned, import-substituting, resource-based industrialisation, primarily in the sphere of food, beverages, and textiles. The bulk of manufacturing enterprises were privately owned small and medium enterprises (SME), while the largest factories were usually SOEs. Heavily dependent on imported machinery but precluding FDI and accounting for a mere 6 percent of exports in the late 1980s, this model of industrialisation became untenable when Burma's aid donors halted their assistance in 1988. In response, the country's second military junta (1988–2011) introduced market-oriented and FDI-friendly reforms, but it continued to play a guiding role in industrialisation. Its role only superficially resembled that of the East Asian developmental state model, as the bureaucracy's relationship with non-privileged domestic private firms was more of a neglectful, inconsistent, and predatory nature than a cooperative one. Only a fraction of industrial SOEs were privatised, and the government remained strongly committed to ISI both in heavy and light industries. Military-owned conglomerates and other monopolies dominated the capital-intensive sector, whereas the export-oriented, labour-intensive sector, which emerged in the 1990s, was driven mainly by efficiency-seeking FDI and domestic private SMEs (Kudo 2005b; Steinberg 2010; Tin 2007).

Investments from ASEAN, and especially from neighbouring Thailand, dominated FDI inflows into the country, making a substantial contribution to the

export-oriented garment sector. For instance, the industrial zones created near the Thai-Myanmar border took advantage of the fact that wages in Myanmar were considerably lower than in Thailand or even Cambodia. Lacking sufficient access to financial facilities, domestic private garment firms were heavily dependent on overseas buyers for purchasing raw materials, designing garments, and finding customers (as their own contribution was limited to cutting, making, and packing), but this enclave-like arrangement enabled them to bypass the cumbersome import/export regulations that hindered the operation of other sectors (Khine 2008; Kudo 2005b).

Thanks to Myanmar's quota-free or nearly quota-free access to European and U.S. markets (in the latter country, woven products were subjected to certain limitations), the value of garment exports increased from \$12 million in 1990 to \$800 million in 2000 (when manufactured exports accounted for 22.2 percent of total exports), only to decline to \$331 million by 2005 due to the post-2003 international sanctions. Thus, Myanmar experienced a sort of aborted EOM take-off. The role of manufactured exports was further limited by the rapid growth of natural resource exports (e.g., fuels, minerals, and timber) and the government's autarkic economic strategy. In 2000–2004, exports constituted a mere 0.34 percent of the GDP (as opposed to Cambodia's 55.5 percent). However, the lifting of sanctions enabled Myanmar—now dubbed “the last frontier in ASEAN”—to increase its garment exports to \$1.1 billion in 2013 (Aung 2009; Kudo 2005a; Künzli et al. 2014; Rasiah 2009a; World Bank Data n.d.).

Notably, the initial economic potential of these five countries was not significantly superior to that of the low- and middle-income African states, but the Asian latecomers achieved far higher industrial growth rates than Africa. This contrast was particularly conspicuous between the Asian latecomers and their closest African analogies: Mauritius, Lesotho, and Eswatini (known as Swaziland until 2018). In 1995, both Mauritius and Swaziland greatly surpassed the Asian latecomers in per capita GDP and the share of the industrial sector, but throughout the following two decades, their manufacturing growth rates consistently fell behind that of their Asian competitors.

We selected these three SSA countries on the basis of their extensive similarities with the Asian latecomers. That is, manufactures constituted an unusually high percentage of their exports (2003: 72.6 percent in Mauritius, 76 percent in Eswatini, 91 percent in Lesotho), but high-technology exports remained a marginal element of their manufactured exports (2015: 0.1 percent in Mauritius, 0.2 in Lesotho and Eswatini), and their EOM process started largely in the same period as in the Asian latecomers. In Mauritius, the share of manufactures rose from 1.8 percent of merchandise exports in 1970 to 25.6 in 1978, 55.6 in 1988, and 80.8 in 2000. Electronics, initially a significant component of

TABLE 1 Initial economic potential of the selected countries

	Bangladesh	Cambodia	Laos	Myanmar	Vietnam	SSA	Eswatini	Lesotho	Mauritius
Per capita GDP (1995; in constant 2017 international \$)	1.696	1.182	2.330	692	2.252	2.738	5.259	1.554	9.566
Industrial employees (% of employment)	10.4	6.1	3.5	10.5	11.8	10.4	29.0	13.0	39.8
Manufacturing, value added (% of GDP, average of 1995–1999)	14.66	11.34	9.12	n.a.	16.3	14.16	32.5	10.0	20.6
Manufacturing, value added (annual % growth)									
1995–1999	6.82	18.48	n.a.	n.a.	11.62	1.5	2.9	5.0	5.2
2000–2004	6.0	17.98	11.45	24.3	11.4	3.36	2.3	18.9	2.3
2005–2009	8.64	4.72	10.5	21.58	10.26	4.34	3.3	−1.4	1.8
2010–2014	9.14	13.82	7.46	14.78	3.18	6.12	4.5	−3.8	2.2

SOURCE: WORLD BANK DATA; WORLD DEVELOPMENT INDICATORS

manufactured exports (1976: 19.9 percent), virtually disappeared by the early 1980s, thus perpetuating the predominance of knitwear production in the Mauritian EOM sector (Hein 1988; World Bank Data n.d.). The origins of Lesotho's EOM process may be traced to the mid-1980s, and by 2000, manufactures (primarily clothing and textiles) comprised 95 percent of merchandise exports. Apparel exports underwent a further spectacular growth after the approval of the U.S. African Growth and Opportunity Act (AGOA) in 2000, only to suffer a reversal after the 2005 expiration of the global Multi-Fibre Arrangement (MFA) (Manoeli 2012; World Bank Data n.d.). The rise and decline of Eswatini's export-oriented clothing and textile industry, insignificant as it had been before 2000, was even more closely linked to AGOA and the MFA than Lesotho's, but this subsector was overshadowed by the long-established production of sugar-based concentrates (2013: 10.1 versus 26.6 percent of merchandise exports), and hence the overall growth trends of the manufacturing sector diverged from that of Lesotho (Madonsela 2006; World Trade Organisation 2015). Of the three countries, only Mauritius' EOM process received a significant contribution from domestic entrepreneurs; in Lesotho and Eswatini, the export-oriented garment sector has been driven primarily by FDI.

The conspicuous differences between the EOM experiences of the five Asian latecomers, and the additional differences between them and the African countries, raise various questions. The following sections of this article examine whether Vietnam's technological lead over its peers, or the extremely high

EOM reliance of Bangladesh and Cambodia, reflected a markedly better performance in infrastructure and/or governance than that of Laos, Myanmar, and Sub-Saharan Africa (as the transaction costs thesis and *The East Asian Miracle* implied: World Bank 1993), and whether the earlier sluggishness and recent upsurge of Myanmar's manufactured exports may be attributed to infrastructural and governance factors. The authors also investigate whether the lower manufacturing growth rates of Mauritius, Lesotho, and Eswatini, and the insignificance of their high-tech exports, reflected any inferiority to the Asian latecomers in the spheres of infrastructure and governance, and whether these three countries considerably surpassed Africa's average infrastructural and governance performance.

2 Infrastructure Performance: Transport, Communications, and Electricity

In the highly competitive environment of EOM, logistics is of special importance, for the products must be shipped abroad as fast as possible. To ascertain whether the Asian latecomers showed an above-average performance in the sphere of transportation and communication infrastructure, we examined their global rankings in tandem with specific examples obtained from ASEAN's statistical database and other sources.

Tables 2–3 contain three indicators for overall logistics and infrastructure (Overall logistics performance, Competence and quality of logistics services, Infrastructure overall), three for transport infrastructure (Quality of trade and transport-related infrastructure, Roads, Port infrastructure), three for communications infrastructure (Internet users, Secure Internet servers, Fixed-telephone lines), and three for electricity supply (Time required to get electricity, Firms experiencing electrical outages, Electricity supply). Grouping together the first three categories, it may be observed that Vietnam overtook the other Asian latecomers in six indicators (Overall logistics performance, Competence and quality of logistics services, Quality of trade and transport-related infrastructure, Port infrastructure, Internet users, Secure Internet servers), held second rank in three fields (Infrastructure overall, Roads, Fixed-telephone lines), consistently surpassed the average of African states (including, in most cases, Lesotho and Eswatini), but fell behind Mauritius in six indicators. At the opposite end of the spectrum, Myanmar was surpassed by the other Asian latecomers in six indicators, and lagged behind the African average. In 2012, Vietnam's population was less than twice larger than Myanmar's, but its international sea container throughput was sixteen times bigger (ASEANStatsDataPortal n.d.).

TABLE 2 Logistics performance and infrastructure

	Bangladesh	Cambodia	Laos	Myanmar	Vietnam	ssa	Eswatini	Lesotho	Mauritius
Overall logistics performance (2010)	2.7	2.4	2.5	2.3	3.0	2.4	n.a.	2.2 (2012)	2.7
Competence and quality of logistics services (2010)	2.4	2.3	2.1	2.0	2.9	2.3	n.a.	2.4 (2012)	2.4
Quality of trade and transport-related infrastructure (2010)	2.5	2.1	2.0	1.9	2.6	2.1	n.a.	2.1 (2012)	2.3
Time required to get electricity (days, 2013)	428.9	179.0	134.0	98.0	115.0	136.1	137	114	96
Firms experiencing electrical outages (% of firms)	73.4 (2013)	83.0 (2013)	88.7 (2012)	94.3 (2014)	49.5 (2009)	n.a.	77.3 (2016)	61.7 (2009)	38.8 (2009)
Internet users (% of population, 2013)	6.6	6.8	12.5	8.0	38.5	12.3	24.7	15.0	41.1
Secure Internet servers (per 1 million people, 2013)	0.9	4.0	2.6	0.2	14.1	12.0	10.1	2.0	126.3

SOURCE: WORLD BANK DATA; WORLD DEVELOPMENT INDICATORS

TABLE 3 Quality of infrastructure (global rank)

	Bangladesh	Cambodia	Laos	Myanmar	Vietnam	Eswatini	Lesotho	Mauritius
Infrastructure (overall)	124	102	78	135	99	80	84	47
Roads	113	94	83	136	93	50	84	39
Port infrastructure	93	83	130	123	76	95	119	42
Electricity supply	120	108	72	118	87	92	100	45
Fixed-telephone lines	128	111	75	124	100	106	113	36

SOURCE: SCHWAB ET AL. 2015

The vessels calling at Myanmar were one-tenth of the size of the ships handled in Vietnam (Myanmar to Pick Deep-Sea Port Location 2019). In 2018, container ships spent an average of 2.77 days in Myanmar's ports, placing it among the world's ten lowest-ranking countries (UNCTAD 2020). In 2012, the share of paved roads in Myanmar stood at 39 percent, whereas Vietnam reached 59.7 percent as early as 2004 (ASEAN Statistical Yearbook 2010; Logistics Capacity Assessments n.d.).

That is, Vietnam outperformed the other Asian latecomers and their African counterparts (except Mauritius) both in infrastructure and EOM, whereas Myanmar's abysmal infrastructural conditions coincided with an unusually low rate of manufactured exports. This contrast may be credibly attributed to the fact that in 2001–2010, the Vietnamese government invested over four percent of GDP in transport infrastructure, while Myanmar's transport investments reached only one percent in 2005–2013 (Dang and Pheng 2015; ADBI 2016). These data largely support Beeson and Pham's (2012) description of Vietnam as a developmental state, and confirm Tin's (2007: xv) assessment that 'Myanmar tried to mimic the developmental state without the necessary means.' Thus, it appears that an effective infrastructure development policy did constitute a prerequisite of EOM.

Nonetheless, conditions in the other Asian latecomers were at variance with the thesis of a positive correlation between EOM and above-average infrastructural performance. Surprisingly, Laos, a less successful EOM performer, outranked both Cambodia and Bangladesh in overall infrastructure, roads, fixed-telephone lines, and Internet users. Actually, these findings were more indicative of the deficiencies of Cambodia and Bangladesh than of Laos' achievements. In three indicators, Cambodia's performance proved wholly identical with the African average, while in three other indicators (overall infrastructure, roads, Internet users), it conspicuously fell behind both Lesotho and Eswatini, let alone Mauritius. Bangladesh slightly outranked the average of African states but lagged behind Lesotho and Eswatini in as many as five indicators.

In 2004, during Cambodia's EOM take-off, only 5.5 percent of the local roads were paved, as opposed to 14.4 in Laos and 59.7 in Vietnam (ASEAN Statistical Yearbook 2010). Due to their low design standards, even the country's trunk roads proved unsuited for international traffic. In 2000–2010, the technical efficiency of Sihanoukville Port, Cambodia's single deep-water port, stood at 39 percent (as opposed to Ho Chi Minh City's 79 percent), and thus it could not accommodate large container ships (Kaneko and Adachi 2002; Suárez-Alemán et al. 2015). In 1997, Cambodia's main telephone density (1.8 per 1,000 persons) fell far behind that of Laos (4.6) and Vietnam (21.4) (ASEAN Statistical Yearbook 2010).

In Bangladesh, there was only one road linkage between Dhaka's EOM cluster and Chittagong Port (which handled four-fifths of the country's foreign trade), and delivering products to the port took a whole day. Much to the chagrin of the business community, container ships spent an average of 2.97 days in Bangladesh's ports—a waiting time even longer than Myanmar's (Masum 2016; UNCTAD 2020). Consequently, the country's lead time for garment exports (120–150 days) greatly exceeded that of its regional competitors (India: 12 days; Sri Lanka: 19–45 days) (Ahmed 2009). In 1996, Bangladesh's telephone density stood at 3 per 1,000 persons—the thirteenth lowest in the world (ADB 2013: 1).

Judging from these findings, it would be erroneous to attribute the rapid growth of EOM in Cambodia and Bangladesh to an infrastructural performance markedly superior to that of Africa. On the contrary, the World Economic Forum's Global Competitiveness Report (GCR 2015–2016) mentioned 'inadequate supply of infrastructure' among the most problematic factors for doing business in both countries (Schwab and Sala-i-Martin 2015). These deficiencies reflected both the weak financial capacity of the local states and their disadvantageous priority-setting. In the 2000s, public expenditures on transportation stood at 2.2 percent of Bangladesh's GDP (Ahmed 2013). In Cambodia, transportation and communication accounted for 4 percent of government spending in 1995–1997 and remained below 2 percent since 2007 (ADB 2014). In both countries, the financial weakness of the state necessitated the massive infrastructural involvement of aid donors, much in the same way as it occurred in Sub-Saharan Africa.

In Vietnam, a far larger section of the population (1995: 80.3 percent; 2010: 97.6 percent) had access to electricity than in the other Asian and African latecomers except Mauritius (Bangladesh: 20.8 and 55.3; Cambodia: 5 and 31.1; Laos: 25 and 70.2; Myanmar: 40 and 48.8; Mauritius: 99.2 in 1995; Eswatini and Lesotho: 45.6 and 17.0 in 2010) (World Bank Data n.d.). Mauritius held first rank in the other electricity indicators, too, followed by Vietnam and hydropower-rich Laos (Tables 2–3).

Interestingly, EOM-reliant Cambodia and Bangladesh faced just as severe problems in power supply as in transport and communication. In Cambodia, a lower percentage of the population had access to electricity than in any of the other latecomers except Lesotho. In 2000, Cambodia's power tariff for industrial use stood at \$0.17 per kWh, as opposed to \$0.028 in Laos, \$0.05 in Myanmar, and \$0.06 in Vietnam (EPPO 2016)—a disadvantage which, combined with the unreliability of power supply, forced garment enterprises to install their own generators (Hossain 2010). In Bangladesh, where distribution system losses exceeded 20 percent (1995–2004) and the time needed to get electricity was longer than in any other Asian latecomer, apparel firms used the same

strategy (Scott et al. 2014; Statistical Yearbook of Bangladesh 2013). Still, this extensive reliance on factory generators—which Collier and Gunning (1999b) identified as a major obstacle to EOM in Africa—did not prevent Cambodia and Bangladesh from pursuing EOM.

Actually, in 1995 Africa's average access to electricity (20.7 percent) stood on a par with Bangladesh, slightly below Laos, twice lower than Myanmar, four times lower than Vietnam, but four times higher than Cambodia. By 2010, Cambodia had achieved the African average (32.6 percent), while Bangladesh and Laos considerably surpassed it (World Bank Data n.d.). These data reflected the slow growth of Africa's electricity network, a problem that likewise affected Lesotho and Eswatini. Still, the time required to get electricity in Cambodia and Bangladesh greatly exceeded the African average (Table 2). In 2010, the price of electricity stood at \$0.023 per kWh in Eswatini, \$0.04 in Lesotho, \$0.08 in Bangladesh, and \$0.12–0.16 in Cambodia (Chemengich 2010).

All in all, the aforesaid data are at best only partially reconcilable with the thesis of a positive correlation between EOM and above-average infrastructural performance, nor can they satisfactorily explain why the Asian latecomers have overtaken their African competitors. Vietnam did outperform the other Asian latecomers both in infrastructure and EOM, but its lead over Mauritius in the field of high-tech exports stood in glaring contrast with Mauritius' superior infrastructure and power supply. In the field of low value-added exports, the performance of Bangladesh and Cambodia proved far more impressive than that of Laos, Lesotho, and Eswatini, yet in the sphere of infrastructural capabilities, the situation was the reverse. In those cases when the infrastructural data of the African latecomers could be compared with the continental average, Mauritius did show a conspicuously above-average performance but Lesotho and Eswatini did not.

3 Problems of Governance: Corruption, Inefficiency, and Red Tape

Various World Bank studies (Ndulu et al. 2007; World Bank 1993) contrasted the strong and efficient NIC institutions with Africa's weak institutional capacity to explain the divergent development of the two regions. To ascertain whether the Asian latecomers showed an above-average performance in governance, this article examines their global rankings, with a focus on administrative efficiency.

The contrasting performance of Vietnam and Myanmar once again conformed with the thesis of a positive correlation between EOM and good governance. Compared to the other Asian latecomers, Vietnam consistently held

TABLE 4 Quality of governance (-2.5 weak; 2.5 strong)

	Bangladesh	Cambodia	Laos	Myanmar	Vietnam	Eswatini	Lesotho	Mauritius
Control of corruption								
2000–2004	-1.35	-0.95	-1.05	-1.46	-0.61	-0.42	-0.22	0.34
2005–2009	-1.19	-1.17	-1.29	-1.62	-0.68	-0.26	0.00	0.43
2010–2014	-0.95	-1.11	-1.01	-1.24	-0.56	-0.30	0.17	0.40
Government effectiveness								
2000–2004	-0.70	-0.86	-0.95	-1.33	-0.43	-0.79	-0.21	0.54
2005–2009	-0.79	-0.93	-0.98	-1.52	-0.21	-0.84	-0.32	0.72
2010–2014	-0.77	-0.83	-0.74	-1.49	-0.21	-0.53	-0.38	0.92
Regulatory quality								
2000–2004	-0.96	-0.35	-1.40	-2.11	-0.63	-0.43	-0.49	0.55
2005–2009	-0.96	-0.48	-1.18	-2.2	-0.58	-0.57	-0.65	0.64
2010–2014	-0.89	-0.42	-0.89	-1.8	-0.62	-0.51	-0.49	0.95
Rule of law								
2000–2004	-0.97	-1.13	-1.09	-1.64	-0.46	-0.73	-0.03	1.02
2005–2009	-0.85	-1.13	-0.96	-1.57	-0.39	-0.70	-0.25	0.95
2010–2014	-0.82	-0.99	-0.83	-1.35	-0.46	-0.41	-0.25	0.91
Political stability								
2000–2004	-1.06	-0.7	-0.68	-1.3	0.20	0.00	0.06	0.96
2005–2009	-1.59	-0.42	-0.17	-1.04	0.28	-1.13	-0.07	0.85
2010–2014	-1.35	-0.24	0.04	-1.11	0.13	-0.37	0.22	0.83

SOURCE: THEGLOBALECONOMY.COM: INDICATORS

first rank in four indicators. In 2000, only a fraction of the forty-eight African countries listed by TheGlobalEconomy.com outperformed Vietnam in political stability, government effectiveness, and the rule of law. During the period of 2000–2014, Vietnam usually performed better than Eswatini, and surpassed Lesotho in most indicators except the rule of law. The sole distinct exception was Mauritius, which consistently and markedly scored better than Vietnam in all three indicators. These data support the view of Berendsen et al. (2013), who argued that the proactive role of Vietnam's strong and capable party-state enabled the country to outperform the African countries.

Nevertheless, in corruption control and regulatory quality Vietnam was out-ranked by twenty and twenty-eight SSA states (including the three African latecomers). In 1997–2009, the annual average of Transparency International's corruption perception rates hovered between 2.5 and 2.64 (0: highly corrupt; 10: very clean). By 2010–2014, conditions improved to 2.98, but Vietnam still

lagged behind fifteen African countries in corruption control. The contrast between the Vietnamese and Mauritian corruption control scores (-0.56 versus 0.40 , on a scale ranging from -2.5 [weak] to 2.5 [strong]) was especially striking (TheGlobalEconomy.com n.d.; Transparency International n.d.). These low scores reflected the deeper nature of the strongly interventionist but informally decentralised Vietnamese state. The rapidly multiplying laws were insufficiently coordinated with each other, and their provisions were not specific enough to ensure consistency—a situation creating ample opportunities for corruption (OECD 2011). Thus, the Vietnamese system combined the features of a developmental state and a neopatrimonial state (Gainsborough 2017; Jandl 2013).

At the other end of the spectrum, Myanmar invariably ranked last in every indicator save stability. In 2000, only a handful of African states (Angola, Liberia, Somalia) were consistently ranked lower. In 2003–2009, its average corruption perception score stood at 1.58 (Transparency International n.d.). These data revealed that the military regime, its developmental aspirations notwithstanding, functioned as a neopatrimonial state (Armao 2015). Myanmar's post-2011 democratic transition led to improvements in governance, but only to a limited extent (0.4 in regulatory quality, 0.16 in corruption perceptions, and 0.03 in government effectiveness)—certainly not as much as to explain the post-2012 rise of manufactured exports.

EOM-reliant Cambodia and Bangladesh usually surpassed the Laotian party-state in corruption control, effectiveness, and especially in regulatory quality, but lagged behind in political stability. Their stability scores revealed the nature of their political systems. In Cambodia, Hun Sen's neopatrimonial autocracy underwent gradual consolidation (Heder 2011)—a trend reflected in a relative improvement in the country's stability score from -0.7 in 2000–2004 to -0.24 in 2010–2014. In contrast, the post-1990 Bangladeshi political system, which Islam (2013) defined as a bipolar competitive neopatrimonial state, was shaped by a permanent, violent rivalry between the Awami League and the Bangladesh Nationalist Party, and thus its stability scores constantly remained below -1.0 .

In the sphere of corruption perceptions, the situation was reversed. Throughout 2005–2014, Cambodia's average score remained between 2.04 and 2.1 (i.e., below Laos' score of 2.1 to 2.3), reflecting that corruption formed the glue of the patronage networks penetrating Cambodia's neopatrimonial autocracy (Transparency International n.d.; Un 2006). In contrast, Bangladesh's initial score (2001–2004: 1.1) was the lowest among the states surveyed by Transparency International, but later it gradually improved to 2.6 (2010–2014), presumably because in Bangladesh, the capture of state power by politicians and

officials was less concentrated than in Cambodia, and thus the political elite remained slightly more amenable to pressure from the public and aid donors than Hun Sen's regime (Transparency International n.d.; Wickberg 2012).

Judging from the conditions described above, it appears questionable that the factors which facilitated EOM in Cambodia and Bangladesh, and distinguished them from Africa, lay in an above-average governance performance. On the contrary, the GCR 2015–2016 mentioned 'corruption' and 'inefficient government bureaucracy' among the most problematic factors for doing business in Cambodia and Bangladesh (Schwab and Sala-i-Martin 2015). In 2000, both countries were outranked by a minimum of twenty-eight SSA states in each governance indicator except regulatory quality (Cambodia) and effectiveness (Bangladesh) (TheGlobalEconomy.com n.d.). During the 2000–2014 period, Lesotho consistently surpassed both Cambodia and Bangladesh in every indicator save regulatory quality, while Eswatini overtook the two Asian latecomers in three and four indicators, respectively (Table 4).

Narrowing down the scope of analysis from a country's overall socio-political conditions to its business climate, Tables 5–6 present data about the conditions influencing the operation of firms in general and export-oriented firms in particular.

In the procedures required to start up a business enterprise, Myanmar again lagged behind its Asian and African peers, but Vietnam had no such evident lead as in the sphere of overall governance. In particular, firms faced a higher number of procedures in Vietnam than in any other Asian country save Myanmar—an obstacle rooted in the poor regulatory environment of the Vietnamese party-state. Once again, the contrast between Vietnam and Mauritius was fairly conspicuous: in 2013–2015, Vietnam had twice as many start-up procedures as Mauritius, and its start-up time was four times longer. Surprisingly, Bangladesh and Cambodia reached an equally high level of EOM reliance under very different conditions. In certain periods, Cambodia's start-up costs were three or seven times higher than Bangladesh's, while its start-up time could be four or five times longer. Cambodia fell behind Lesotho in all three indicators, and lagged behind Laos and Eswatini in two indicators. These disadvantages revealed why Cambodia's domestic firms, unlike their Bangladeshi counterparts, could not make any significant contribution to the FDI-dominated garment sector (Arnold and Toh 2010). In other respects, though, both Cambodia and Bangladesh diverged from the conception of a positive correlation between EOM and a hospitable business climate. In the World Bank's *Doing Business* 2008–2009, Bangladesh was listed among those ten countries where registering property was the most difficult and time-consuming, and where enforcing contracts was the slowest, while Cambodia belonged to the worst ten

TABLE 5 Business environment

	Bangladesh	Cambodia	Laos	Myanmar	Vietnam	ssa	Eswatini	Lesotho	Mauritius
Cost of business start-up procedures (% of GNI per capita):									
2004–2006	86.6	330.8	16.9	n.a.	41.2	220.7	42.1	47.1	8.8
2007–2009	36.0	160.1	14.3	n.a.	16.7	167.6	35.9	34.1	4.8
2010–2012	29.6	112.8	8.6	n.a.	10.4	131.2	28.7	21.3	3.5
2013–2015	16.8	122.9	5.7	143.2	5.9	94.4	24.8	10.3	2.5
Start-up procedures to register a business (number):									
2004–2006	8	10.3	8.6	n.a.	11	11.4	12.0	8.6	7.0
2007–2009	7.3	9.3	7.6	n.a.	11	10.5	12.0	7.3	6.3
2010–2012	7	9	6.6	n.a.	9.3	9.3	12.0	7.0	5.3
2013–2015	8.3	9.6	6	11	10	8.7	12.0	7.0	5.0
Time required to start a business (days):									
2004–2006	35.6	88.6	186.3	n.a.	52	61.9	60.0	104.6	46.5
2007–2009	63.6	85.3	102	n.a.	50	53.0	60.0	50.3	6.8
2010–2012	19	85	95	n.a.	40.6	40.8	56.0	35.6	6.5
2013–2015	16.5	97.3	85.6	52.3	29.3	30.2	32.6	29.0	6.5

SOURCE: WORLD BANK DOING BUSINESS 2005–2016; WORLD BANK DATA: WORLD DEVELOPMENT INDICATORS

TABLE 6 Export conditions

	Bangladesh	Cambodia	Laos	Myanmar	Vietnam	Eswatini	Lesotho	Mauritius
Documents to export (number)								
2006–2008	6.6	10	10	n.a.	6	9	6	5
2009–2011	6	10	9	n.a.	6	9	6.6	5
2012–2014	6	8.3	10	8.5	5.3	7.3	7	4.3
Time to export (days)								
2006–2008	30.3	31.6	55.3	n.a.	27.6	21	44.6	16.6
2009–2011	25	22	47.3	n.a.	22	19	35.3	13.3
2012–2014	26.1	22	24	22.5	21	17.3	31	10
Cost to export (\$ per container)								
2006–2008	905.3	730	1,676.6	n.a.	701.3	1,946	1,335	712
2009–2011	973.3	732	1,866.6	n.a.	630.3	1,931	1,636	737
2012–2014	1,127	781.6	2,013.3	645	610	1,913	1,728	670

SOURCE: WORLD BANK DOING BUSINESS 2007–2015

states in regulating licences, getting credit, and ensuring the rights of borrowers and lenders (World Bank 2007; World Bank 2008).

Compared with the Asian latecomers, Africa's greatest weakness lay in the debilitating cost of its start-up procedures: two to five times higher than in Bangladesh, and five to sixteen times higher than in Vietnam. Judging from the fact that the start-up costs of Eswatini, Lesotho, and Mauritius were four to thirty-eight times lower than the continental average, this competitive edge probably played a major role in their unusually successful EOM process. Still, the cost factor alone does not fully explain Africa's poor EOM performance, because Cambodia's start-up costs greatly exceeded that of the EOM-reliant African countries, and they were either slightly lower or markedly higher than the African average. It seems that Cambodia managed to bypass this obstacle by relying on FDI, whereas faraway Africa proved a less attractive destination for industrial relocation from East Asia than nearby Cambodia. In contrast, the length and number of African start-up procedures hardly differed from Vietnam's, and by the 2010s, Africa's average start-up time became two or three times shorter than Cambodia's. In these spheres, Lesotho and especially Mauritius performed better than the continental average, but Eswatini did not.

In the sphere of export conditions, Vietnam again overtook its peers (except Mauritius), but Cambodia and post-2012 Myanmar also showed nearly as good a performance in export costs and export time—two advantages offsetting their numerous deficiencies in infrastructure and governance. Laos successfully reduced its export time to the level of the EOM-reliant countries, but its landlockedness placed it at a disadvantage. Laotian export costs were nearly twice higher than Bangladesh's, more than twice higher than Cambodia's, and thrice higher than Vietnam's. Since Laotian wages hardly differed from Cambodian ones, and the Laotian business climate was more hospitable than Cambodia's, this geographical obstacle must have played a major role in that East Asian garment-exporting firms preferred to invest in Cambodia, rather than Laos (Rasiah 2009a).

Compared to the Asian latecomers, the African countries (including Lesotho) were at a disadvantage because of their longer export time (an average of 31 days in 2013), but their weakest point was their extremely high export cost: \$2.187 per container (2013), i.e., slightly higher than that of landlocked Laos, nearly twice higher than Bangladesh's, nearly thrice higher than Cambodia's, and more than thrice higher than Vietnam's (World Bank Data n.d.). Only Mauritius, an island state, managed to surpass every Asian country except Vietnam. Notably, even Lesotho and Eswatini, landlocked as they were, laboured under export costs that were somewhat lower than the continental average but far higher than that of the littoral Asian latecomers. The factor that gave

them a competitive edge over the other SSA states was their reliance on the well-developed transportation system of neighbouring South Africa, as their membership in the Southern African Customs Union (SACU) granted them ready access to the port of Durban and the large cargo airport in Johannesburg (Kipling 2010). Thus, the problems specifically affecting the export sphere probably played a greater role in Africa's EOM fiasco than the overall deficiencies of infrastructure and governance. In this respect, our findings confirm Collier's (2002) observations about Africa's prohibitively high transport costs.

All in all, the aforesaid data are at best partially reconcilable with the thesis of a positive correlation between EOM and above-average governance performance. In the sphere of governance and business environment, Mauritius' lead over Vietnam was even more conspicuous than in the infrastructural sphere, yet Mauritian electronic exports, unlike Vietnam's, turned out an ephemeral phenomenon. The above-average performance that Mauritius and Lesotho showed in the five governance indicators (in 2000, both countries regularly appeared in the upper third or upper fourth among African countries, whereas Eswatini invariably lagged behind) may help to explain why they have made more progress in EOM than Eswatini, but Bangladesh and especially Cambodia performed even worse than Eswatini—a deficiency that did not prevent them from achieving higher and more stable manufacturing growth rates. There were only two factors that consistently showed a strong positive correlation with favourable EOM performance both in the Asian and African latecomers: low export costs (a field where Cambodia and Bangladesh greatly surpassed Lesotho and Eswatini) and low start-up costs (with the exception of Cambodia).

4 Effects of Political Instability: FDI Inflows and Manufacturing Growth

Identifying political instability as a major obstacle to economic growth in Africa, a World Bank study noted that 'political instability, even if it doesn't lead to conflict, creates uncertainty as to the direction and stability of economic policy, and thus raises the riskiness of investment.' (Ndulu et al. 2007: 127–130). Collier (2007, 89) argued that high risk (as expressed in *Institutional Investor's* credit ratings) 'does not impede capital inflows for resource extraction ... but it has curtailed the footloose investment in manufacturing.' To ascertain whether political stability was a precondition of EOM in the Asian latecomers, it is advisable to investigate how the trends of political instability influenced FDI inflows and manufacturing growth there. After all, FDI made a major contribu-

tion to EOM in each Asian and African latecomer, conforming to the Flying Geese Paradigm.

In Vietnam, the contribution of foreign-invested (Singaporean, Taiwanese, Japanese, South Korean, and Hong Kong) enterprises to manufacturing exports reached 70 percent by the early 2000s (Vo, Long, and Minh 2005). In 2008, Taiwanese, Hong Kong, Chinese, and South Korean investors accounted for 93 percent of ownership in Cambodia's textile-garment industry (Arnold and Toh, 2010). In 2006, wholly foreign-owned (Thai and Japanese) firms and joint ventures comprised 48 and 20 percent of the Laotian garment industry (Silaphet 2015). In Bangladesh and Myanmar, the majority of garment firms were locally owned, but garment exports were originally initiated by South Korean investors (Kudo 2005a; Mottaleb and Sonobe 2011). In Lesotho and Eswatini, the garment factories were established by Taiwanese firms relocating from neighbouring South Africa, while the foundations of the Mauritian EOM sector were laid by investors from Hong Kong and Taiwan, who forged ties with the local Chinese community (Dimou 2004; Harris 1993; Joomun 2006; Manoeli 2012).

Once again, the thesis of a positive correlation between political stability and FDI-driven EOM was more applicable to Vietnam than to the other Asian latecomers. Vietnam's EOM take-off started in the stable environment of an increasingly market-oriented party-state, which facilitated a steady growth of FDI (Jandl 2013). In 2003, Vietnam held a higher rank (73) on *Institutional Investor's* 192-country credit rating list than any of the other Asian latecomers (Sen 2005). In 1999–2004, annual inflows of manufacturing FDI hovered near or over \$500 million, while Vietnam's admission to the World Trade Organisation (2007) stimulated a rise to \$4.2 billion (ASEAN Secretariat n.d.). Vietnam's ability to attract manufacturing FDI was not seriously impaired even by the occasional outbreaks of unrest. The anti-Chinese riots of May 2014, which targeted factories belonging to Taiwanese, South Korean, and Singaporean investors, abruptly lowered Vietnam's stability score from 0.22 to -0.05 (Malesky and Morris-Jung 2015; TheGlobalEconomy.com n.d.). Still, FDI flows increased from \$8.9 billion in 2013 to \$9.2 billion in 2014 and \$11.8 billion in 2015. Even more surprisingly, manufacturing FDI dominated by South Korean firms accounted for over two-thirds of total inflows (ASEAN Secretariat n.d.).

Compared to Vietnam's entrenched one-party rule, the consolidation of Cambodia's neopatrimonial regime took more time. In July–September 1997, Hun Sen resorted to armed force to gain the upper hand over Norodom Ranariddh, and his flawed electoral victory of July 1998 was initially rejected by the opposition—a situation reflected in a stability score as low as -1.30 (Peou 1999; TheGlobalEconomy.com n.d.). Still, manufacturing growth reached 27.5 and 15.2 percent in 1997 and 1998, respectively (World Bank Data n.d.). The

number of garment factories increased from 39 in 1996 to 72 in 1997, while garment exports grew from \$76.1 million to \$201.9 million. Contrary to the assumptions of the transaction costs thesis, the garment sector was far less affected by the July 1997 upheaval than construction and tourism (International Monetary Fund 1998). On *Institutional Investor's* credit rating list, Cambodia ranked far lower than Bangladesh (2003: 128 versus 91), yet FDI inflows made a far greater contribution to Cambodia's EOM process than to Bangladesh's (Sen 2005). In the 2000s, Cambodia's political stability gradually improved (Table 4), but the 2013–2014 wage strikes undercut the competitiveness of the garment industry and caused a temporary decline in manufacturing FDI inflows from \$548.6 million in 2012 to \$462.7 million in 2013 (Loem 2015; ASEAN Secretariat n.d.).

Bangladesh's EOM take-off started under the military autocracy of Ershad (1982–1990), who did create stable conditions for garment firms by providing incentives and curbing labour unions (Hossain 2017). However, the country's EOM process reached maturity only in the 1990s and 2000s—a period of long-term political instability. Neither the Bangladesh Nationalist Party nor the Awami League was willing to accept election results if the other party gained victory; instead, their habitual reaction was to boycott parliamentary sessions and stage disruptive mass protests. In 2002–2013, stability consistently remained below -1.0 (Table 4). Still, annual manufacturing growth surpassed 6 percent in 1995–1996, 1998, and 2003–2014, while garment exports achieved rapid growth in 1995, 1997–2000, 2003–2008, 2010–2011, and 2013. Following a few brief reversals, manufacturing FDI steadily increased from \$104.86 million in 2006 to \$722.88 million in 2014 (World Bank Data n.d.; BGMEA n.d.; Bangladesh Bank 2014).

In Laos, the unexpected armed attacks of February–August 2003 caused a sharp decline in stability from -0.21 in 2002 to -1.27 in 2003, but recovery started as early as 2004 (-0.58) (Thayer 2004; TheGlobalEconomy.com n.d.). This trend was mirrored in industrial growth rates: 2002—13.0 percent; 2003—5.6 percent; 2004—15.1 percent (World Bank Data n.d.). Thus, in this generally stable party-state the sudden increase of instability did hinder industrial growth at least for a short time. In contrast, the decline of manufacturing FDI from \$76 million in 2008 to \$15.1 million in 2011 occurred in an atmosphere of political stability, reflecting a reorientation of FDI toward capital-intensive natural resource megaprojects (ASEAN Secretariat n.d.).

In Myanmar, the upsurge of manufacturing FDI in 1996–1998 (a total of \$1.24 billion) was followed by a 14-year period of near-stagnation (with annual inflows ranging between \$2.82 and 77.4 million), then by a sudden massive increase (2012/2013: \$400.7 million; 2013/2014: \$1.82 billion; 2014/2015: \$1.5 bil-

lion). Too abrupt to reconcile with the constantly low level of domestic stability (Table 4) and the rather slight improvement of Myanmar's rank on *Institutional Investor's* credit rating list (2003: 155, 2016: 148), these swings reflected Myanmar's changing international situation. In 1998, investments from ASEAN and Japan were hard hit by the Asian financial crisis, while the post-2003 sanctions greatly restricted Myanmar's access to Western markets. From 2001 to 2005, garment exports to the U.S. and the EU dropped from \$435 million to zero and from \$375 million to \$250 million, respectively. In contrast, the political reforms of 2011–2012 led to the lifting of sanctions, which in turn transformed Myanmar into an attractive location for export-oriented manufacturing FDI (Institutional Investor, n.d.; Khin 2018; Kubo 2014; Künzli et al. 2014).

All in all, it seems that political stability, beneficial as it was, did not constitute an essential prerequisite of EOM in the Asian latecomers. Domestic instability did not necessarily hinder manufacturing exports and FDI inflows unless the specific interests of the EOM sector (access to external markets, low wages, etc.) were directly affected. The greatest downturns were caused by global or regional factors, rather than domestic ones. Due to the global financial crisis of 2007–2008, manufacturing FDI inflows in Vietnam decreased from \$5,440 million in 2008 to \$1,171 million in 2009, whereupon manufacturing growth fell to -21.8 percent in 2010. Cambodia experienced an analogous decline from \$231 million in 2007 to \$113 million in 2009, with a -15.5 percent fall in industrial growth (ASEAN Secretariat n.d.; World Bank Data n.d.). In Bangladesh, the lowest annual growth rates in apparel exports (2001: -4.76 percent; 2002: 1.1 percent; 2009: 0.9 percent) coincided with the global recessions of 2001–2002 and 2008–2009 (BGMEA n.d.; Taslim and Haque 2010).

The experiences of the African latecomers likewise demonstrate the crucial importance of sufficient access to external markets and the less decisive role of political stability. 'Quota-hopping' investors from Hong Kong and Taiwan were attracted to Mauritius by the country's preferential access to European markets (e.g., its exemption from MFA quotas), but the very same Lomé Convention (1975) that provided a strong impetus to Mauritian knitwear exports seems to have disincentivised garment and electronic exports, since the latter products were adversely affected by the Convention's strict rules of origin. Possibly this is why the once-promising Mauritian electronic industry collapsed in the same period when knitwear exports were boosted by a new influx of FDI from Hong Kong and Taiwan. Ever since independence, the Mauritian political system, based as it was on regularly held democratic elections and a practice of power-sharing amongst the various parties, has been far more stable than that of the other six latecomers, yet this asset could not offset the channelling effect

that the European rules of origin produced on Mauritian exports, the post-1990 increase of wages (which induced several Mauritian textile and garment firms to relocate to neighbouring Madagascar), and the post-1995 liberalisation of global trade (which has eroded Mauritius' preferences vis-à-vis the emerging new competitors) (Davenport, Hewitt, and Koning 1995; Hein 1988; Joomun 2006; Mathur 2012; Mistry 1999). Following the imposition of international economic sanctions on the South African apartheid regime, Taiwanese garment firms relocated from South Africa to Lesotho, which enjoyed preferential access both to European and U.S. markets. AGOA gave a new impetus to the country's EOM process, but the nearing expiration of the MFA caused a number of firms to close down as early as 2004, when, ironically enough, Lesotho achieved an unusually high annual score (0.39) in political stability (Manoeli 2012; World Bank Data n.d.).

5 Relations with the World Bank: Cooperation versus Friction

To ascertain whether the EOM strategies of the successful Asian latecomers were in compliance with the WB's recommendations, we investigated how much direct or indirect contribution the Bank made to their EOM take-off, whether its policies were focused on tackling the infrastructural and governance problems that the Bank's various experts (like Collier) considered the chief obstacles to EOM, and whether the latecomers' success or failure in EOM showed any positive correlation with their harmonious or conflict-ridden relationship with the WB.

In a WB discussion paper assessing infrastructure's contribution to economic development, Kessides (1993: 3) noted that 'Infrastructure has been a major focus of World Bank lending since its founding, and currently accounts for about forty percent of our portfolio.' These priorities have been clearly observable in all five countries.

Thus, the Bank's assistance programs for the five latecomers consistently laid the greatest emphasis on the development of the infrastructure and the power sector, but in other respects it considerably varied from country to country. The range and per capita amount of WB assistance to Vietnam and Bangladesh proved far greater than its contributions to Myanmar and Cambodia, which in turn reflected the contrast between the Bank's good rapport with the former countries and its tense relations with the latter states.

In Vietnam, the Bank's made no direct contribution to the country's EOM take-off, since only a few recent projects were connected to manufacturing. However, in other respects its assistance was of great significance. In 1993, the

TABLE 7 World Bank assistance (million \$)

	Bangladesh (1973–2020)	Cambodia (1993–2020)	Laos (1977–2020)	Burma/Myanmar (1956–1961, 1973–1987, 2012–2020)	Vietnam (1993–2020)
Transport infrastructure	4,495.8	265.31	323.55	144.2	3,819.99
ICT	523.12	3.37	48.4	87.5	0.34
Power & transmission	2,474.32	98.5	183.44	833.45	3,161.71
Combined or unspecified infrastructure projects	235.0	n.a.	37.5	n.a.	1,557.6
Infrastructure and power sector (total)	7,728.24	367.18	592.89	1,065.15	8,539.64
Agriculture, forestry, & fishing	2,536.29	269.84	182.69	671.5	1,417.36
Manufacturing	460.5	2.70	10	106.7	126.1

SOURCE: WORLD BANK: PROJECTS & OPERATIONS

removal of U.S. restrictions on multilateral aid to Hanoi paved the way to a harmonious WB-Vietnam partnership. From the mid-1990s, the International Finance Corporation (IFC; the ‘private sector arm’ of the World Bank Group) made investments in Vietnam’s capital-intensive, import-substitution industries. Vietnam’s infrastructure and power sector received more WB assistance, both in absolute and per capita terms, than any of the other four latecomers. Many of these projects (e.g., a highway rehabilitation project approved in 1993, rural transport in 1996, and port rehabilitation in 1997) were implemented during the EOM take-off. By 2008, the World Bank became Vietnam’s leading donor, but it found it advisable not to confront Hanoi over issues of governance. On the contrary, its 2007 Investment Climate Assessment concluded that corruption, widespread as it was, did not constitute a major obstacle to business activity in Vietnam (Baird 2012; Carroll 2010; World Bank n.d.).

In Bangladesh, the Bank provided assistance of a greater variety and for a longer period than in any of the other four latecomers. Uniquely among these countries, Bangladesh’s manufacturing sector (including two textile industry projects) received substantial and direct WB assistance in 1980–1992, i.e., precisely during the EOM take-off. The EOM process also benefited from the Bank’s transport projects (e.g., highways in 1979 and 1982, and Chittagong Port in 1982). In 1975–1990, the economic policies of the Bangladeshi military regimes (e.g., promotion of FDI) were strongly influenced by the Bank’s recommendations. By the 2000s, the WB started to present Bangladesh as a development success, but it also occasionally suspended its assistance to force the authorities to curb

corruption, whose pervasive nature stood in a striking contrast with the rapid economic growth (Hossain 2017; Wickberg 2012).

Laos occupied a middle position, as it maintained a largely cordial relationship with the World Bank but did not become a priority aid recipient or an acclaimed success story (Hlaing 2006). Notably, only a single credit project worth \$10 million (1988) was earmarked for industrial development. In contrast, the WB suspended its assistance to military-ruled Burma/Myanmar for two long periods: first in 1962–1972 (when Ne Win's regime pursued an isolationist policy), and then in 1988–2011 (when the Bank's largest shareholders imposed governmental sanctions on the junta). Save a 2007 project to combat avian influenza, the Bank did not resume its assistance until the sanctions were lifted (World Bank n.d.). The WB-financed industrial projects of 1981–1984 (wood industries and a textile plant) did not yet indicate a shift toward EOM, while the contributions the Bank and the IFC made to Myanmar's post-2012 EOM growth have been of an indirect nature (energy generation, transmission, investment climate reform) (World Bank Group 2016).

In Cambodia, the WB's agenda for reconstruction did not take manufacturing into consideration while identifying sectoral priorities in expenditures; instead, it focused on agriculture and infrastructure, and concluded that 'private investment ... will not become the driving force of development until basic infrastructure makes such investments profitable.' (World Bank 1992: viii–ix). As early as 1997, the WB suspended its support over concerns about governmental corruption. In 2004–2005, it abandoned its legal reform activities, and reduced its lending to Cambodia in response to its 'poor performance on governance indicators.' (Ear 2007: 85–89). Under such conditions, the WB made only a limited contribution to transport development, and its sole manufacturing-related project was a childcare project for garment workers (Carroll 2010; World Bank n.d.).

All in all, the World Bank's sharply different attitude toward Vietnam and Myanmar conformed with the thesis of a positive correlation between a country's harmonious relationship with the Bank and its favourable EOM performance. Similarly, the WB's massive support for Bangladesh's EOM process, and Bangladesh's readiness to pursue the WB-recommended market-oriented policies, was well in accordance with this formula. (Among the African latecomers, Mauritius occupied a comparable position, as it enjoyed extensive World Bank support—including the Coromandel Industrial Estate project in 1973, an industrial sector adjustment loan project in 1987, and an industrial finance project in 1988—during its EOM take-off process: World Bank n.d.) In other respects, however, the Asian latecomers did not conform with the thesis. First of all, the WB's conflicts with Cambodia sharply differed from its rapport with Bangladesh, yet

Cambodia's EOM process proved quite as dynamic as Bangladesh's, and the two economies actually developed along remarkably similar lines. Second, the Bank's massive assistance could hardly resolve Bangladesh's grave infrastructural and governance problems, though the fact that electrification, corruption control, and administrative simplification made more progress in Bangladesh than in Cambodia implied the beneficial impact of its involvement. Third, Vietnam's superior EOM performance did not result from an exceptionally high conformity with the WB's principles, since corruption proved fairly persistent, but the Bank preferred not to confront Hanoi over this issue.

6 Conclusion and Implications

In the light of the findings presented above, the transaction costs thesis and the World Bank's developmental preferences seem to be at least partly applicable to Vietnam (whose EOM take-off occurred under conditions of long-term political stability, facilitated by an active infrastructure development policy, an extensive electricity network, a gradually improving business climate, low export costs, and strong WB support) but less to the other Asian latecomers. Despite the abysmal conditions of infrastructure and governance and the lack of WB assistance, EOM could make a certain progress in Myanmar until the 2003 sanctions, while in 2010–2014, the slight improvement of the domestic business climate could hardly account for the explosive growth of manufacturing FDI.

In the fields of infrastructure, power supply, business climate, the rule of law, political stability, and WB support, Cambodia lagged behind Laos, but its competitive advantages in other spheres (preferential access to the U.S. market, coastal location, low export costs, and high regulatory quality) enabled it to attract far more manufacturing FDI than Laos, a landlocked country saddled with high export costs and lacking a preferential access to the U.S. market (Arnold and Toh 2010; Silaphet 2015). Similarly, Bangladesh's EOM take-off occurred in an environment of weak infrastructure, power shortages, a corruption-ridden bureaucracy, and political instability. In labour productivity and lead times, the country lagged far behind its regional competitors. Still, these disadvantages were more than offset by Bangladesh's lower labour costs, its exemption from the import quotas India and Sri Lanka faced in U.S. and European markets, and the government's incentives to the garment sector (Ahmed 2009; Hossain 2017). Both Cambodia and Bangladesh had more in common with neopatrimonial than with developmental states, and thus Mkan-dawire (2015) correctly stressed that Africa's slow industrialisation should not be indiscriminately blamed on 'African neopatrimonialism'.

Thus, Cambodia and Bangladesh succeeded in EOM *in spite of* their weak infrastructural and institutional performance, rather than *because of* an above-average performance (as the transaction costs thesis and *The East Asian Miracle* implied). This raises the question of why these problems did not prevent EOM in the Asian latecomers. In Cambodia and Bangladesh, but also in Vietnam, Laos, and Myanmar, domestic and foreign firms developed various coping mechanisms to overcome such obstacles. They installed electricity generators; concentrated production in the most advantageous geographical areas (e.g., Phnom Penh and Narayanganj); relied on the logistical networks of their developed regional partners; overcame the scarcity of skilled labour by focusing on low value-added products; and made arrangements with political actors to shield production from political strife and ensure special treatment for the garment sector. Unlike the more cautious Western investors (whose preferences were reflected in the World Bank's recommendations), Chinese entrepreneurs in Cambodia, Taiwanese in Vietnam, and local firms in Bangladesh were accustomed to operating in a high-risk, corruption-ridden environment (Hossain 2017; Jandl 2013; O'Neill 2014; Wiig 2018).

Actually, Bailey (2009) established that Cambodia's export-oriented apparel firms—whose interests were energetically represented by GMAC—felt less constrained by corruption than the domestically owned food and beverage firms. Similarly, Chakravorty (2018) found that Bangladeshi industry as a whole was adversely affected by corruption, but in the export-oriented garment sector, corruption even facilitated firm growth, as it enabled the well-connected EOM firms to bypass red tape and thus ensure the speedy fulfilment of export orders.

These findings contradict the view that export-oriented manufacturing is more severely constrained by a corrupt business climate than other economic sectors. Instead, they support the opinion of Dinh et al. (2012: 44), who stressed that the Asian economies 'managed to expand production and exports of light manufactures without first resolving the same sorts of constraints currently observed in Sub-Saharan Africa,' and rejected the view that 'unless all shortcomings are fixed, the sector cannot grow'. Thus, the slow growth of EOM in Africa may not be attributed to the *overall* deficiencies of infrastructure and governance (as the World Bank's *Doing Business* analyses implied) but rather to certain *specific* weaknesses that placed the African states at a disadvantage vis-à-vis Cambodia and Bangladesh: higher export and start-up costs, a slower growth of the electricity network, a poorer regulatory environment, and a far greater geographical distance from those industrial areas whose FDI inflows stimulated EOM in Southeast Asia (Taiwan, Hong Kong, Singapore, South Korea, China, Thailand). The so-called 'China plus one' strategy of

diversification-oriented investors was naturally focused on countries in China's geographical neighbourhood, like Vietnam, Cambodia, Bangladesh, and Myanmar (Iida 2015). In a similar vein, the more industrialised ASEAN countries readily made manufacturing investments in the newly-admitted members of the association, and the East Asian firms hitherto operating in Thailand or Malaysia found it advantageous, or even imperative, to relocate their labour-intensive industrial plants to nearby Vietnam, Cambodia, and Myanmar, where wages were far lower.

Thus, the factors of economic geography seem to have played a major role in the different growth rates of Southeast Asian and African manufactured exports, but not necessarily in the way suggested by earlier authors. For instance, Redding and Venables (2004) noted that a country's coastal location and its proximity to large markets were conducive to EOM, while the absence of these factors hindered it. Their arguments were disputed by Collier (2002: 10–11) on the grounds that coastal West Africa's proximity to OECD markets would have been sufficiently advantageous for EOM, and thus the region's high transport costs resulted from 'shipping cartels, port inefficiencies, and the simple lack of scale', rather than from geographical obstacles. Still, a modified version of the proximity thesis does appear valid. Instead of proximity to markets, the key factor seems to have been a country's proximity to such developed areas from which industrial relocation could be expected and whose efficient logistical networks could be relied upon (Dinh et al. 2012).

Notably, the EOM process of Lesotho and Eswatini was driven by the relocation of Taiwanese firms from neighbouring South Africa and greatly facilitated by their access to South Africa's well-developed transportation system. Thus, these countries had a competitive edge over the other SSA states, yet the East Asian FDI inflows they received showed far greater fluctuation (a sudden rise after AGOA, an abrupt decline after the expiration of the MFA) than the inflows directed toward the nearby Asian latecomers. From the perspective of East Asian investors, even Mauritius was a less convenient location for outsourcing than Southeast Asia: in 1974, a report prepared for the United Nations Industrial Development Organisation (UNIDO) noted that 'many Hong Kong businessmen complained of having to fly [to Mauritius] via India' (Maxwell Stamp Associates 1974: 129).

An important policy implication is that the World Bank's promotion of 'good governance' may not necessarily stimulate EOM in Sub-Saharan Africa if a remote or resource-rich African country is not sufficiently attractive for industrial relocation. Even if certain individual countries make good progress in infrastructural development and governance, the beneficial effect of these reforms may remain limited as long as the regional economic environment (a

factor whose importance was duly recognised in Collier 2007, 55–63, 82–85) is less conducive to EOM than in Southeast Asia. Manufacturing FDI inflows were influenced not only by the local business climate and the World Bank's public assessments but also by the 'quota hopping' strategies of foreign firms—a factor that helps to explain why Cambodia, despite its conflicts with the Bank, made as much progress in EOM as WB-backed Bangladesh. Notably, Mauritius' excellent infrastructural and governance performance could not offset such disadvantages as the country's rising wages or the erosion of its trade preferences. Under such conditions, the post-1990 advancement of the Mauritian economy has not taken the path of further industrial upgrading (as occurred in Vietnam). On the contrary, a process of deindustrialisation has taken place, and other, non-manufacturing sectors (e.g., financial services) have come to the fore (UNCTAD 2018).

At the same time, the applicability of the transaction costs thesis to Vietnam, and the conspicuously narrow profile of Cambodian and Bangladeshi manufactured exports, reveals that the thesis has certain valid implications. As long as a country remained in the stage of factor-driven development (i.e., it competed on its labour and natural resources endowments, while its firms competed on the basis of price and supply of basic products) and exported only low value-added garments, its poor infrastructure or governance did not necessarily prevent EOM *per se*. In this type of industrialisation, geographical remoteness, high export costs, and/or rich natural resources posed a more serious challenge, for they reduced the attractiveness of low value-added production, and diverted FDI toward the capital-intensive natural resource sectors (as occurred in Laos). However, poor infrastructure and governance did constitute a major obstacle if a country tried to create a sophisticated industrial capacity and reach the stage of efficiency-driven development (where the higher efficiency of production processes and the better quality of products could give a firm a competitive edge over its rivals). For instance, Bangladeshi manufacturers regarded the unreliability of power supply as a major obstacle to firm growth. In response, they routinely bribed officials to get away with the non-payment of their electricity bills (Chakravorty 2018).

These linkages indicate that corruption cannot be effectively reduced merely through 'good governance' programs unless the infrastructural and administrative deficiencies are resolved. From this perspective, the WB's consistent efforts to develop infrastructure were eminently justified. Still, the contrast between the infrastructural performance of Vietnam (a country run by a relatively strong state which made massive infrastructural investments) and Bangladesh (where state expenditures on infrastructure were less substantial) implied that external funding alone could not wholly offset the weakness of

the state. These observations support the view that Africa's weak state capacities considerably hindered EOM (Berendsen et al. 2013; Stein 1995).

In the spheres of infrastructure and governance, Vietnam usually outranked Cambodia and Bangladesh, which helps to explain why it managed to evolve into an efficiency-driven economy capable of exporting high-tech products. But in global terms, even Vietnam fell far behind Mauritius (whose economy was in transition between the efficiency-driven and innovation-driven stages) or innovation-driven Singapore (Dang and Pheng 2015). The problems of infrastructure and governance were once again interrelated, as corruption led to overpriced infrastructure projects. Foreign investors generally favoured Vietnamese provinces with a coastal location and better material conditions, but among provinces of similar geographic and economic conditions, the ones with good governance and infrastructure usually attracted more investment than their ill-governed peers (Jandl 2013). That is, investors might be willing to put up with an unfavourable business climate if certain special advantages are present, but they do appreciate a hospitable environment.

Thus, the transaction costs thesis does not illuminate why the manufacturing development of Cambodia and Bangladesh have surpassed that of Lesotho and Eswatini, but it does help to explain why the former two countries have made far less progress in industrial diversification than Vietnam, and why Lesotho and Eswatini lagged behind Mauritius. It seems that a country can find it hard to evolve from factor-driven development to innovation-driven development without overcoming the interlocking problems of weak infrastructure, power shortages, red tape, corruption, and political instability. A developmental state should not be regarded as a *sine qua non* of EOM, but it was a more effective instrument to pursue EOM than a neopatrimonial state.

All in all, one may conclude that the following combination of factors offered the relatively best chances for a developing country to achieve both gradual industrial upgrading and sustained high EOM growth rates: (1) relative proximity of industrial areas from which relocation could be expected; (2) preferential access to external markets; (3) low export and start-up costs; (4) competitive wages; (5) a relatively developed infrastructure; (6) a government administration at least partly resembling a developmental state; and (7) the existence of a certain indigenous industrial and technological basis before the start of the EOM take-off. In the case of Vietnam, all seven factors were present, which helps to explain why its EOM take-off has proven more successful than that of its Asian and African peers. In those countries where some of the factors were in operation but others were not, the absence (or later disappearance) of *any* of the first four factors appeared to be a greater problem than the *combined* absence of the other three factors. In the first scenario, the EOM process was

prone to run into an obstacle before a real take-off could be achieved (Myanmar), grind to an abrupt halt if global trade trends changed (Lesotho and Eswatini), gradually lose steam (Mauritius), or achieve only moderate growth (Laos). In the second scenario, the countries (Cambodia and Bangladesh) could maintain high rates of EOM growth, but they were likely to remain overdependent on a narrow range of low value-added manufactured export products.

Acknowledgments

In the process of writing this article, the authors accumulated a number of debts to Jim Cobbe, Olga Dror, David Henley, Tuan Hoang, Thomas Jandl, Christian Cunningham Lentz, David Marr, Harish Mehta, Michael Montesano, and the late Joanna Kirkpatrick for their kind support. We are grateful to the KDI School and the Ministry of Education of the Republic of Korea and the National Research Foundation of Korea (NRF-2018S1A3A2075117) for providing financial support.

References

- Abdel-Latif, Abla M., and Jeffrey B. Nugent. 1996. 'Transaction Cost Impairments to International Trade: Lessons from Egypt'. *Contemporary Economic Policy* 14: 1–14.
- ADB. 2013. 'Bangladesh: Grameenphone Telecommunications Project and Grameenphone Telecommunications Expansion Project'. Evaluation Document. Mandaluyong City: Asian Development Bank.
- ADB. 2014. 'Cambodia: Diversifying Beyond Garments and Tourism'. Country Diagnostic Study. Mandaluyong City: Asian Development Bank.
- ADB. 2016. 'Myanmar Transport Sector Policy Note: How to Reform Transport Institutions'. Mandaluyong City: Asian Development Bank Institute.
- Ahmed, Ishraq. 2013. 'Financing Infrastructure in Bangladesh—Some Options'. Working Paper 169. Singapore: Institute of South Asian Studies.
- Ahmed, Nazneen. 2009. 'Sustaining Ready-made Garment Exports from Bangladesh'. *Journal of Contemporary Asia* 39(4): 597–618.
- Armao, Fabio. 2015. 'The *Tatmadaw* Legacy and Beyond: On the Risks for the Democratisation Process in Myanmar'. *European Journal for East Asian Studies* 14(1): 32–51.
- Arnold, Dennis, and Toh Han Shih. 2010. 'A Fair Model of Globalisation? Labour and Global Production in Cambodia'. *Journal of Contemporary Asia* 40(3): 401–424.
- ASEAN Secretariat. 'ASEAN Investment Reports 2006–2015'. <https://asean.org/category/asean-secretariat-news/>

- ASEAN Statistical Yearbook 2010. 2010. Jakarta: ASEAN Secretariat.
- ASEAN Statistical Yearbook 2013. 2014. Jakarta: ASEAN Secretariat.
- ASEANStatsDataPortal. 'Indicators'. <https://data.aseanstats.org/>
- Aung, Nay Myo. 2009. 'An Analysis of the Structure of Myanmar's Exports and Its Implications for Economic Development'. PhD diss. University of Tokyo.
- Bailey, Peter. 2009. 'Cambodia's Investment Climate: Macroeconomic Environment and Perception of Manufacturing Firms'. In *Major Industries and Business Chance in CLMV Countries*, edited by Uchikawa Shuji, 43–68. Tokyo: Institute of Developing Economies, Japan External Trade Organization.
- Baird, Mark. 2012. 'Vietnam and the World Bank: A Strong and Enduring Partnership'. World Bank Report. Washington, DC: World Bank.
- Bangladesh Bank. 2014. *Foreign Direct Investment (FDI) in Bangladesh*. Dhaka: Bangladesh Bank.
- Beeson, Mark, and Hung Hung Pham. 2012. 'Developmentalism with Vietnamese Characteristics: The Persistence of State-led Development in East Asia'. *Journal of Contemporary Asia* 42(4): 539–559.
- Berendsen, Bernard, Ton Dietz, Henk Schulte Nordholt, and Roel van der Veen, eds. 2013. *Asian Tigers, African Lions: Comparing the Development Performance of South-east Asia and Africa*. Leiden: Brill.
- BGMEA (Bangladesh Garment Manufacturers and Exporters Association). 'Trade Information: Value of Total Apparel Export, Calendar Year Basis'. <http://www.bgmea.com.bd/home/pages/tradeinformation>
- Bratton, Michael, and Nicolas Van de Walle. 1994. 'Neopatrimonial Regimes and Political Transitions in Africa'. *World Politics* 46(4) 453–489.
- Carroll, Toby. 2010. *Delusions of Development: The World Bank and the post-Washington Consensus in Southeast Asia*. Houndmills: Palgrave Macmillan.
- Chakravorty, N.N. Tarun. 2018. 'Does Corruption Affect Firm Growth? Evidence from Bangladesh'. Paper presented at the American Economic Association Conference. Philadelphia, PA.
- Chemengich, Margaret K. 2010. 'The Competitiveness of the SSA Cotton, Textile & Apparel Sectors in Comparison with Selected Asian LDC Countries 2004–2010'. Report. Nairobi: African Cotton & Textile Industries Federation.
- Chu, Yin-wah, ed. 2016. *The Asian Developmental State: Reexaminations and New Departures*. Houndmills and New York: Palgrave Macmillan.
- Coase, Ronald Harry. 1960. 'The Problem of Social Cost'. *Journal of Law and Economics* 3(3): 1–44.
- Collier, Paul, and Jan Willem Gunning. 1999a. 'Explaining African Economic Performance'. *Journal of Economic Literature* 37(1): 64–111.
- Collier, Paul, and Jan Willem Gunning. 1999b. 'Why Has Africa Grown Slowly?' *The Journal of Economic Perspectives* 13(3): 3–22.

- Collier, Paul. 2002. 'Primary Commodity Dependence and Africa's Future'. Report. Washington, DC: World Bank.
- Collier, Paul. 2007. *The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It*. Oxford: Oxford University Press.
- Dang, Giang, and Low Sui Pheng. 2015. *Infrastructure Investments in Developing Economies: The Case of Vietnam*. Singapore: Springer.
- Davenport, Michael, Adrian Hewitt, and Antonique Koning. 1995. *Europe's Preferred Partners? The Lomé Countries in World Trade*. London: Overseas Development Institute.
- Dimou, Michel. 2004. 'Industrial Development in Small Islands Economies: A Comparative Survey of Mauritius and La Reunion Growth Performances'. Paper presented at the 44th Congress of the European Regional Science Association. Porto
- Dinh, Hinh T., Vincent Palmade, Vandana Chandra, and Frances Cossar. 2012. *Light Manufacturing in Africa: Targeted Policies to Enhance Private Investment and Create Jobs*. Washington, DC: World Bank.
- Ear, Sophal. 2007. 'The Political Economy of Aid and Governance in Cambodia'. *Asian Journal of Political Science* 15(1): 68–96.
- Elbadawi, Ibrahim A. 1999. 'Can Africa Export Manufactures? The Role of Endowment, Exchange Rates, and Transaction Costs'. Policy Research Working Paper. Washington, DC: World Bank, 1999.
- EPPO (Energy Policy and Planning Office, Ministry of Energy, Thailand). 2016. 'Economic and Power Trading in the Greater Mekong Sub-region'. <http://www.eppo.go.th/index.php/en/energy-information-services/economic-and-p-economic-and-power-trading-in-the-greater-mekong-sub-region>
- Fine, Ben, Jyoti Saraswati, and Daniela Tavasci, eds. 2013. *Beyond the Developmental State: Industrial Policy into the Twenty-first Century*. London: Pluto Press.
- Gainsborough, Martin. 2017. 'The Myth of a Centralised Socialist State in Vietnam: What Kind of a Myth?' *Journal of Current Southeast Asian Affairs* 36(3): 119–143.
- Gereffi, Gary, and Donald L. Wyman, eds. 1990. *Manufacturing Miracles: Paths of Industrialization in Latin America and East Asia*. Princeton: Princeton University Press.
- Guimbert, Stéphane. 2010. 'Cambodia 1998–2008: An Episode of Rapid Growth'. Washington, DC: World Bank.
- Harris, Betty J. 1993. *The Political Economy of the Southern African Periphery: Cottage Industries, Factories and Female Wage Labour in Swaziland Compared*. London: St. Martin's Press.
- Heder, Steve. 2011. 'Cambodia in 2010: Hun Sen's Further Consolidation'. *Asian Survey* 51(1): 208–214.
- Hein, Catherine. 1988. 'Multinational Enterprises and Employment in the Mauri-

- tian Export Processing Zone'. Working Paper No. 52. Geneva: International Labour Office.
- Helble, Matthias, Ben Shepherd, and John S. Wilson. 2007. 'Transparency, Trade Costs, and Regional Integration in the Asia Pacific'. Policy Research Working Paper No. 4401. Washington, DC: World Bank, Development Research Group.
- Henley, David, and Jan Kees van Donge. 2013. 'Diverging Paths: Explanations and Implications'. In *Asian Tigers, African Lions*, edited by Bernard Berendsen et al., 27–50.
- Hlaing, Kyaw Yin. 2006. 'Laos: The State of the State'. *Southeast Asian Affairs* 2006: 129–147.
- Hossain, Naomi. 2017. *The Aid Lab: Understanding Bangladesh's Unexpected Success*. Oxford: Oxford University Press.
- Hossain, Zakir. 2010. 'Report on Cambodia's Textile & Garment Industry'. Nairobi: African Cotton & Textile Industries Federation.
- Iida, Keisuke. 2015. 'Political Risks and Japanese Foreign Direct Investment in East Asia: A Case Study of "China-Plus-One"'. *The Korean Journal of International Studies* 13(2): 383–410.
- Institutional Investor, n.d. 'The Country Credit Survey March: Global Rankings'. <https://www.institutionalinvestor.com/research/6150/global-rankings>
- International Monetary Fund. 1998. 'Cambodia: Recent Economic Developments'. Staff Country Report 98/54. Washington, DC: International Monetary Fund.
- Islam, Mohammad Mozahidul. 2013. 'The Toxic Politics of Bangladesh: A Bipolar Competitive Neopatrimonial State?' *Asian Journal of Political Science* 21(2): 148–168.
- Islam, Rafiqul. 2005. 'Bureaucracy and Administrative Development in Bangladesh and Nigeria: A Comparative Analysis'. *International Journal of Public Administration* 28(11–12): 1009–1030.
- Jandl, Thomas. 2013. *Vietnam in the Global Economy: The Dynamics of Integration, Decentralization and Contested Politics*. Plymouth: Lexington Books.
- Joomun, Gilles. 2006. 'The Textile and Clothing Industry in Mauritius'. In *The Future of the Textile and Clothing Industry in Sub-Saharan Africa*, edited by Herbert Jauch and Rudolf Traub-Merz, 193–211. Bonn: Friedrich-Ebert-Stiftung.
- Kaneko, Akira, and Hayao Adachi. 2002. 'Infrastructure Development'. In *Country Study for Japan's Official Development Assistance to the Kingdom of Cambodia: From Reconstruction to Sustainable Development*, 199–220. Tokyo: Institute for International Cooperation, Japan International Cooperation Agency.
- Kessides, Christine. 1993. 'The Contributions of Infrastructure to Economic Development: A Review of Experience and Policy Implications'. Discussion Paper. Washington, DC: World Bank.
- Khin, Thida Nyein. 2018. 'Influx of Foreign Direct Investment into Myanmar'. *IOSR Journal of Economics and Finance* 9(1): 1–8.

- Khine, Thandar. 2008. 'Foreign Direct Investment Relations between Myanmar and ASEAN'. Discussion Paper No. 149. Chiba: Institute of Developing Economies.
- Kim, Sean Somatra, and Hort Navy. 2014. 'Cambodian State: Developmental, Neoliberal? A Case Study of the Rubber Sector'. Phnom Penh: Cambodia Development Resource Institute.
- Kipling, Jack. 2010. 'Impact of AGOA on Swaziland Textile Industry'. Nairobi: African Cotton & Textile Industries Federation.
- Klein, Peter G., and Michael E. Sykuta, eds. 2010. *The Elgar Companion to Transaction Cost Economics*. Cheltenham, UK, and Northampton, MA: Edward Elgar.
- Knutsen, Hege Merete, and Cuong Manh Nguyen. 2004. 'Preferential Treatment in a Transition Economy: The Case of State-owned Enterprises in the Textile and Garment Industry in Vietnam'. *Norsk Geografisk Tidsskrift/Norwegian Journal of Geography* 58(3): 125–135.
- Kubo, Koji. 2014. 'Myanmar's Non-Resource Export Potential after the Lifting of Economic Sanctions: A Gravity Model Analysis'. *Asia-Pacific Development Journal* 21(1): 1–22.
- Kudo, Toshihiro. 2005a. 'The Impact of United States Sanctions on the Myanmar Garment Industry'. Discussion Paper 42. Chiba: Institute of Developing Economies.
- Kudo, Toshihiro. 2005b. 'Stunted and Distorted Industrialization in Myanmar'. Discussion Paper 38. Chiba: Institute of Developing Economies.
- Künzli, Andreas, Lena Raps, Sebastian Bals, and Yves Wichate. 2014. 'Discovering Myanmar as a Manufacturing Country'. MSc Thesis. Barcelona School of Management and ESCI-UPF.
- Loem, Senghuo. 2015. 'Making sense of foreign direct investment in Cambodia, as of 2015'. Khmer Scholar. <http://khmerscholar.com/making-sense-of-foreign-direct-investment-in-cambodia-as-of-2015/>
- Logistics Capacity Assessments. 'Countries: Myanmar'. <https://dlca.logcluster.org/display/public/DLCA/LCA+Homepage>
- Madonsela, Winnie S. 2006. 'The Textile and Clothing Industry of Swaziland'. In *The Future of the Textile and Clothing Industry in Sub-Saharan Africa*, edited by Herbert Jauch and Rudolf Traub-Merz, 247–257. Bonn: Friedrich-Ebert-Stiftung.
- Malesky, Edmund, and Jason Morris-Jung. 2015. 'Vietnam in 2014: Uncertainty and Opportunity in the Wake of the H-981 Crisis'. *Asian Survey* 55(1): 165–173.
- Manoeli, Sebatatso. 2012. 'Lesotho after AGOA: From Textile Booms to Sustainable Development'. Discussion Paper. Johannesburg: Brenthurst Foundation.
- Masum, Md. 2016. 'The Bangladesh Textile-Clothing Industry: A Demand-Supply Review'. *Social System Studies* 33: 109–139.
- Mathur, Raj. 2012. 'Party Cooperation and the Electoral System in Mauritius'. In *Electoral Systems in Divided Societies: The Fiji Constitution Review*, edited by Brij V. Lal and Peter Larmour, 135–146. Canberra: Australian National University E Press.

- Maxwell Stamp Associates. 1974. 'Labour Intensive Industries for Mauritius'. Report prepared for the United Nations Industrial Development Organisation.
- Mistry, Percy S. 1999. 'Commentary: Mauritius—Quo Vadis?' *African Affairs* 98(393): 551–569.
- Mkandawire, Thandika. 2015. 'Neopatrimonialism and the Political Economy of Economic Performance in Africa: Critical Reflections'. *World Politics* 67(3): 563–612.
- Mottaleb, Khondoker Abdul, and Tetsushi Sonobe. 2011. 'An Inquiry into the Rapid Growth of the Garment Industry in Bangladesh'. *Economic Development and Cultural Change* 60 (1): 67–89.
- Mroczek, Katarzyna. 2014. 'Transaction Cost Theory—Explaining Entry Mode Choices'. *Poznań University of Economics Review* 14(1): 48–62.
- 'Myanmar to Pick Deep-Sea Port Location Next Year'. 2019. Pulse News Korea, July 26. <https://pulsenews.co.kr/view.php?year=2019&no=569745>
- Ndulu, Benno J., Lopamudra Chakraborti, Lebohang Lijane, Vijaya Amachandran, and Jerome Wolgin. 2007. *Challenges of African Growth: Opportunities, Constraints, and Strategic Directions*. Washington, DC: World Bank.
- Nguyen, Lan Huong. 2008. *Solutions for Development of Vietnamese Electronics Industry in Joining in World Trade Organization*. M.A. thesis. KDI School of Public Policy and Management.
- Nolintha, Vanthana, and Idris Jajri. 2015. 'The Garment Industry in Laos: Technological Capabilities, Global Production Chains and Competitiveness'. Discussion Paper 2015–13. Jakarta: Economic Research Institute for ASEAN and East Asia.
- OECD (Organisation for Economic Co-operation and Development). 2011. *Administrative Simplification in Viet Nam: Supporting the Competitiveness of the Vietnamese Economy*. Paris: OECD Publishing.
- O'Neill, Daniel. 2014. 'Playing Risk: Chinese Foreign Direct Investment in Cambodia'. *Contemporary Southeast Asia* 36(2): 173–205.
- Peou, Sorpong. 1999. 'Cambodia in 1998: From Despair to Hope?' *Asian Survey* 39(1): 20–26.
- Perkins, Dwight H., and Vu Thanh Tu Anh. 2010. 'Vietnam's Industrial Policy: Designing Policies for Sustainable Development'. UNDP Policy Dialogue Paper. Cambridge, MA: Harvard Kennedy School Ash Center for Democratic Governance and Innovation.
- Pitcher, Anne, Mary H. Moran, and Michael Johnston. 2009. 'Rethinking Patrimonialism and Neopatrimonialism in Africa'. *African Studies Review* 52(1): 125–156.
- Rahman, Syedur. 1985. 'Issues and Agenda for South Asia Regional Cooperation: A Bangladeshi Perspective'. *Asian Survey* 25(4): 405–425.
- Rasiah, Rajah. 2009a. 'Can Garment Exports from Cambodia, Laos and Burma be Sustained?' *Journal of Contemporary Asia* 39(4): 619–637.

- Rasiah, Rajah. 2009b. 'Garment Manufacturing in Cambodia and Laos'. *Journal of the Asia Pacific Economy* 14(2): 150–161.
- Redding, Stephen, and Anthony J. Venables. 2004. 'Economic Geography and International Inequality'. *Journal of International Economics* 62: 53–82.
- Robertson, Philip S. 2007. 'Basic Information on Labour Conditions and Social Auditing in the Lao Garment Industry'. Amsterdam: Fair Wear Foundation.
- Rostow, Walt W. 1960. *The Stages of Economic Growth: A Non-Communist Manifesto*. Cambridge: Cambridge University Press.
- Sachs, Jeffrey D. 2005. *The End of Poverty: Economic Possibilities for Our Time*. New York: Penguin Press.
- Schwab, Klaus, and Xavier Sala-i-Martin. 2015. *The Global Competitiveness Report 2015–2016*. Geneva: World Economic Forum.
- Scott, Andrew, Emily Darko, Alberto Lemma, and Juan-Pablo Rud. 2014. 'How Does Electricity Insecurity Affect Businesses in Low- and Middle-income Countries?' London: Overseas Development Institute.
- Sen, Rahul, ed. 2005. *Regional Economic Integration: Case for a Regional Export Credit Agency for Asia*. Singapore and New Delhi: Institute of Southeast Asian Studies and Capital Publishing Company.
- Silaphet, Korakoon. 2015. 'Providing an Attractive Business Environment: The Competitiveness of Lao Garment Industry in the Global Value Chain after the Multi-Fibre Arrangement Termination'. MSc Thesis. Ritsumeikan Asia Pacific University.
- Soukamneuth, Bounlonh J. 2006. 'The Political Economy of Transition in Laos: From Peripheral
- Socialism to the Margins of Global Capital'. PhD Dissertation. Cornell University.
- Statistical Yearbook of Bangladesh* 2012. 2013. Dhaka: Bangladesh Bureau of Statistics.
- Stein, Howard, ed. 1995. *Asian Industrialization and Africa: Studies in Policy Alternatives to Structural Adjustment*. New York: Palgrave Macmillan.
- Steinberg, David I. 2010. *Burma/Myanmar: What Everyone Needs to Know*. Oxford: Oxford University Press.
- Suárez-Alemán, Ancor, Javier Morales Sarriera, Tomas Serebrisky, and Lourdes Trujillo. 2015. 'When It Comes to Container Port Efficiency, Are All Developing Regions Equal?' Working Paper 568. Washington, DC: Inter-American Development Bank.
- Takagi, Yusuke, Veerayooth Kanchoochat, and Tetsushi Sonobe, eds. 2019. *Developmental State Building: The Politics of Emerging Economies*. Singapore: Springer.
- Taslim M.A., and Md. Shamsul Haque. 2010. *Global Recession and Exports of Bangladesh*. Dhaka: Bangladesh Foreign Trade Institute.
- Tenev, Stoyan, Amanda Carlier, Omar Chaudry, and Quynh-Trang Nguyen. 2003. *Informality and the Playing Field in Vietnam's Business Sector*. Washington, DC: International Finance Corporation, World Bank, and Mekong Project Development Facility.

- Thayer, Carlyle A. 2004. 'Laos in 2003: Counterrevolution Fails to Ignite'. *Asian Survey* 44(1): 110–114.
- TheGlobalEconomy.com. 'Global Rankings: Governance, Institutions, Corruption'. <https://www.theglobaleconomy.com/>.
- Tin, Maung Maung Than. 2007. *State Dominance in Myanmar: The Political Economy of Industrialization*. Singapore: Institute of Southeast Asian Studies.
- Transparency International. 'Corruption Perception Indexes, 1997–2014'. <https://www.transparency.org/>
- Un, Kheang. 2006. 'State, Society and Democratic Consolidation: The Case of Cambodia'. *Pacific Affairs* 79(2): 225–245.
- UNCTAD. 2018. 'Structural Transformation and Export Diversification in Southern Africa'. New York: United Nations Conference on Trade and Development.
- UNCTAD. 2020. *Review of Maritime Transport 2019*. New York: United Nations Conference on Trade and Development.
- Van Arkadie, Brian, and Raymond Mallon. 2004. *Vietnam: A Transition Tiger?* Canberra: ANUE Press and Asia Pacific Press.
- Vlasblom, Dirk. 2013. *The Richer Harvest. Economic Development in Africa and Southeast Asia Compared. The 'Tracking Development' Study 2006–2011*. Leiden: African Studies Centre.
- Vo, Tri Thanh, Trinh Quang Long, and Dinh Hien Minh. 2005. 'Vietnam's Regional Economic Linkages and Industrial Competitiveness: An Analysis and Case Studies of the Textile and Garments, Electronics and Automotive Industries'. Research Paper. Manila: Angelo King Institute for Economic and Business Studies.
- Wai, Zubairu. 2012. 'Neo-Patrimonialism and the Discourse of State Failure in Africa'. *Review of African Political Economy* 39(131): 27–43.
- Wang, Ning. 2003. 'Measuring Transaction Costs: An Incomplete Survey'. Ronald Coase Institute Working Papers No. 2. <http://www.coase.org/workingpapers/wp-2.pdf>
- Wickberg, Sofia. 2012. 'Overview of corruption and anti-corruption in Bangladesh'. U4 Anti-Corruption Resource Centre Report. Bergen: Chr. Michelsen Institute.
- Wiig, Arne. 2018. 'Has Recent Political Unrest Affected Garment Exports from Bangladesh?' Report 2018:2. Bergen: Chr. Michelsen Institute.
- Williamson, Oliver E. 1979. 'Transaction Costs Economics: The Governance of Contractual Relations'. *Journal of Law and Economics* 22: 233–261.
- Wink Junior, Marcos Vinicio, Hsia Hua Sheng, and William Eid Junior. 2011. 'Transaction Costs: An Empirical Analysis of Their Relationship With Investment and Foreign Direct Investment'. *Revista De Administração De Empresas* 51(2): 175–187.
- World Bank. 1992. 'Cambodia: Agenda for Rehabilitation and Reconstruction'. Report 10793. Washington, DC: World Bank.
- World Bank. 1993. *The East Asian Miracle: Economic Growth and Public Policy*. New York: Oxford University Press.

- World Bank. 2005–2016. 'Doing Business 2005–2016'. Washington, DC: World Bank and International Finance Corporation.
- World Bank. 'Projects & Operations'. <https://projects.worldbank.org/>
- World Bank Data. 'World Development Indicators'. <https://databank.worldbank.org/source/world-development-indicators>.
- World Bank Group. 2016. 'Myanmar-World Bank Group Partnership: A Country Snapshot'. Report. Yangon: World Bank Group.
- World Trade Organisation. 2015. 'Trade Policy Review: Southern African Customs Union'.
- WT/TPR/S/324. Geneva: WTO Secretariat.